General Information

Legal form of entity	Msukaligwa Local Municipality is a Grade 6 local authority as per the Government Gazette, published in terms of the Remuneration of Public Office Bearers Act,1998
Nature of business and principal activities	Local Municipality
Mayoral committee	
Executive Mayor	JS Bongwe
Councillors	VCN Madini
	MP Nkosi
Accounting Officer	TBW Dlamini
Chief Finance Officer (CFO)	V Sithole (acting since 1 June 2011)
	HM Boers (retired 31 May 2011)
Registered office	Civic Centre
	C/o Church and Taute Streets
Postal address	P.O. Box 48
	Ermelo
	2350
Bankers	Standard Bank
Auditors	Auditor General - Mpumalanga
Attorneys	Nolte Attorneys
Ward councillors	Ward 1 FTW Yende (ended 24 May 2011); MP Nkosi
	Ward 2 NS Xaba (ended 24 May 2011); EC Msezane
	Ward 3 ZS Zwane (ended 24 May 2011); MV Malinga
	Ward 4 BC Sibeko (ended 24 May 2011); ST Nkosi
	Ward 5 MJ Mkhonza (ended 24 May 2011); FJ Mabasa
	Ward 6 TT Malaza
	Ward 7 HF Swart (ended 24 May 2011); Z Breydenbach
	Ward 8 GS Greyling (ended 24 May 2011); HF Swart
	Ward 9 KJ Makhubu (ended 24 May 2011); MJ Mhlanga
	Ward 10 MJ Blose (ended 24 May 2011); SM Nkosi
	Ward 11 BA Maseko (ended 24 May 2011); LP Mnisi
	Ward 12 DR Mkomo (ended 24 May 2011); KH Dladla
	Ward 13 S Marsh (ended 24 May 2011); ZC Dhludhlu
	Ward 14 BE Nkosi (ended 24 May 2011); SJ Msibi
	Ward 15 N Shongwe (ended 24 May 2011); SL Jele
	Ward 16 BJ Nkosi (ended 24 May 2011); ZJ Nkosi
	Ward 17 BI Sibiya (started 25 May 2011)
	Ward 18 SE Vilakazi (started 25 May 2011)
	Ward 19 PT Sibeko (started 25 May 2011)

General Information

Councillors: Proportional	VCN Madini
	SJ Nkosi
	NG Mashinini
	PB Nkosi
	D Mabunda
	MS Nkosi
	TC Ngwenya
	BR Ngwenya
	BS Puwani
	JS Bongwe
	GT Msimango
	BM Vilakazi
	PE Mashiane
	PB Maseko
	GS Greyling
	BI Mabuza
	JH Sibanyoni
	SC Mathebula
	JDA Blignaut
Speaker	Councillor BM Vilakazi

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Abbreviations

COID	Compensation for Occupational Injuries and Diseases
DBSA	Development Bank of South Africa
GRAP	Generally Recognised Accounting Practice
HDF	Housing Development Fund
IMFO	Institute of Municipal Finance Officers
IPSAS	International Public Sector Accounting Standards
ME's	Municipal Entities
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (previously CMIP)

Accounting Officer's Responsibilities and Approval

The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with Statements of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The accounting officer acknowledges that he is ultimately responsible for the system of internal financial control established by the municipality and place considerable importance on maintaining a strong control environment. To enable him to meet these responsibilities, the accounting officer sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The accounting officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2012 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the municipality's annual financial statements. The annual financial statements have been examined by the municipality's external auditors and their report is presented on page 5.

The annual financial statements set out on pages 5 to 67, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2011 and were signed on its behalf by:

Accounting Officer
TBW Dlamini

Accounting Officer's Report

The accounting officer submits his report for the year ended 30 June 2011.

1. Review of activities

Main business and operations

Msukaligwa Local Municipality is a low capacity local municipality and delivers basic services such as water, electricity and refuse removal services to the Ermelo, Breyten, Wesselton, Lake Chrissie, Davel, Lothair, Sheepmoor and Warburton region.

The operating results and state of affairs of the municipality are fully set out in the attached annual financial statements and do not in our opinion require any further comment.

Net deficit of the municipality was R1,837,204 (2010: surplus R 10,099,633).

2. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

3. Subsequent events

The accounting officer is not aware of any matter or circumstance arising since the end of the financial year.

4. Accounting policies

The annual financial statements have prepared in accordance with the effective Standards of Generally Recognised Accounting Practices (GRAP), including any interpretations, guidelines and directives issued by the Accounting Standards Board.

5. Non-current assets

There were no major changes in the nature of the non-current assets of the municipality during the year. The municipality is in its second year of obtaining a fully GRAP compliant asset register as stipulated in Directive 4. The municipality has until 30 June 2012 to obtain such an asset register.

6. Auditors

Auditor General - Mpumalanga will continue in office for the next financial period.

Statement of Financial Position

Figures in Rand	Note(s)	2011	2010
Assets			
Current Assets			
Inventories	9	24,808,771	11,517,726
Other financial assets	6	32,575	98,104
Other receivables from non-exchange transactions	10	14,896,341	11,796,920
VAT receivable	11	-	2,506,478
Consumer debtors	12	77,624,970	52,092,155
Cash and cash equivalents	13	32,570	969,327
		117,395,227	**78,980,710**
Non-Current Assets			
Investment property	3	4,522,488	4,526,188
Property, plant and equipment	4	250,288,130	240,033,928
Intangible assets	5	230,444	441,579
Other financial assets	6	-	32,575
		255,041,062	**245,034,270**
Total Assets		**372,436,289**	**324,014,980**
Liabilities			
Current Liabilities			
Other financial liabilities	14	16,508	14,921
Finance lease obligation	15	2,187,852	1,997,256
Trade and other payables from exchange transactions	18	29,508,063	30,526,450
VAT payable		8,077,046	-
Consumer deposits	19	6,330,999	5,684,994
Unspent conditional grants and receipts	16	17,802,896	7,792,500
Provisions	17	9,852,503	8,471,911
Bank overdraft	13	13,925,408	-
		87,701,275	**54,488,032**
Non-Current Liabilities			
Other financial liabilities	14	42,368	58,977
Finance lease obligation	15	5,674,523	3,317,418
Retirement benefit obligation	8	18,741,783	16,520,682
		24,458,674	**19,897,077**
Total Liabilities		**112,159,949**	**74,385,109**
Net Assets		**260,276,340**	**249,629,871**
Net Assets			
Accumulated surplus		260,276,340	249,629,871

Statement of Financial Performance

Figures in Rand	Note(s)	2011	2010
Revenue	21	309,749,375	276,591,537
Other income	25	4,268,245	6,190,612
Operating expenses (Refer to notes 26, 28, 29, 30, 32, 34 & 35)		(323,200,912)	(281,148,404)
Operating surplus/(deficit)	27	**(9,183,292)**	**1,633,745**
Investment revenue	30	9,201,042	7,666,075
Finance costs	32	(1,854,954)	(1,874,542)
Surplus/(deficit) for the period		**(1,837,204)**	**7,425,278**

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Balance at 01 July 2009	**208,301,005**	**208,301,005**
Changes in net assets		
Changes due to implementation of GRAP	33,903,588	33,903,588
Net income (losses) recognised directly in net assets	33,903,588	33,903,588
Surplus for the period	7,425,278	7,425,278
Total recognised income and expenses for the year	41,328,866	41,328,866
Total changes	41,328,866	41,328,866
Balance at 01 July 2010	**251,495,681**	**251,495,681**
Changes in net assets		
Surplus for the period	(1,837,204)	(1,837,204)
Correction of assets	10,617,863	10,617,863
Total changes	8,780,659	8,780,659
Balance at 30 June 2011	**260,276,340**	**260,276,340**

Cash Flow Statement

Figures in Rand	Note(s)	2011	2010
Cash flows from operating activities			
Receipts			
Sale of goods and services		189,879,796	159,759,862
Grants		106,896,729	105,962,146
Interest income		9,201,042	7,666,075
Other receipts		1,168,824	1,252,284
		307,146,391	274,640,367
Payments			
Employee costs		(103,684,309)	(90,984,539)
Suppliers		(162,400,647)	(125,232,658)
Finance costs		(9,535)	(11,476)
Other payments		(7,464,095)	(7,041,928)
Other cash item		(13,381,882)	161,001
		(286,940,468)	(223,109,600)
Net cash flows from operating activities	35	**20,205,923**	**51,530,767**
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(42,441,681)	(46,284,033)
Loss from sale of property, plant and equipment	4	-	(61,173)
Loss from sale of investment property	3	-	(7,321,674)
Purchase of intangible assets	5	(6,159)	(91,229)
Decrease in fixed deposits		98,104	3,006,229
Proceeds from call investment deposits		-	2,621,965
Other cash item		9,384,043	-
Net cash flows from investing activities		**(32,965,693)**	**(48,129,915)**
Cash flows from financing activities			
New loans raised / (repaid)		(15,022)	(13,176)
Increase in consumer deposits		646,005	600,617
Finance lease payments		(2,237,153)	(1,988,678)
Finance costs		(496,225)	(520,530)
Net cash flows from financing activities		**(2,102,395)**	**(1,921,767)**
Net increase/(decrease) in cash and cash equivalents		**(14,862,165)**	**1,479,085**
Cash and cash equivalents at the beginning of the period		969,327	(509,758)
Cash and cash equivalents at the end of the period	13	**(13,892,838)**	**969,327**

Accounting Policies

1. Presentation of annual financial statements

The annual financial statements have been prepared in accordance with the effective Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with the historical cost convention unless specified otherwise. They are presented in South African Rand.

A summary of the significant accounting policies are disclosed below.

1.1 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement are inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

Trade receivables / Trade and other receivables

The municipality assesses its trade receivables and loans and receivables for impairment at each reporting date. In determining whether an impairment loss should be recorded in surplus or deficit, the municipality makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for trade receivables, held to maturity investments and loans and receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

Fair value estimation

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the municipality is the current bid price.

The fair value of financial instruments that are not traded in an active market (for example, over-the counter derivatives) is determined by using valuation techniques. The municipality uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

Impairment testing

The municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value-in-use of tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including production estimates and service potential, together with economic factors such as exchange rates and inflation interest.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 17 - Provisions.

Useful lives of property, plant and equipment

The municipality's management determines the estimated useful lives and related depreciation charges for property, plant and equipment. This estimate is based on the pattern in which an asset's future economic benefits or service potential are expected to be consumed by the municipality.

Accounting Policies

1.1 Significant judgements and sources of estimation uncertainty (continued)

Post retirement benefits

The present value of the post retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) include the discount rate. Any changes in these assumptions will impact on the carrying amount of post retirement obligations.

The municipality determines the appropriate discount rate at the end of each reporting date. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the municipality considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in note 8 - Employee benefit obligations.

Effective interest rate

The municipality uses an appropriate interest rate, taking into account guidance provided in the accounting standards, and applying professional judgement to the specific circumstances, to discount future cash flows.

Allowance for doubtful debts

On receivables an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the receivable's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

1.2 Investment property

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services;
- administrative purposes; or
- sale in the ordinary course of operations.

Investment property is recognised when, it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the municipality, and the cost or fair value of the investment property can be measured reliably.

Investment property is initially measured at cost. Transaction costs are included in the initial measurement.

Where investment property is acquired at no cost or for a nominal cost, its cost is its fair value as at the date of acquisition.

Costs include costs incurred initially to acquire the investment property and costs incurred subsequently to add to, or to replace a part of, or service the investment property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

Cost model

Subsequent to initial measurement investment property is carried at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is provided to write down the cost, less estimated residual value, by equal installments over the useful life of the property, which is as follows:

Item	Useful life
Property - land	Indefinite
Property - buildings	30 years

Investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.

Accounting Policies

1.2 Investment property (continued)

Gains or losses arising from the retirement or disposal of investment property is the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in surplus or deficit in the period of retirement or disposal.

Compensation from third parties for investment property that was impaired, lost or given up is recognised in surplus or deficit when the compensation becomes receivable.

Transitional provision

The municipality changed its accounting policy for investment property in 2010. The change in accounting policy is made in accordance with the transitional provision as per Directive 4 as issued by the Accounting Standards Board.

According to the transitional provisions, the municipality is not required to measure investment property for reporting periods beginning on or after a date within three years following the date of initial adoption of the Standard of GRAP on Investment property. Investment property has accordingly been recognised at provisional amounts, as disclosed in note 3. The transitional provision expires on 30 June 2012.

In accordance with the transitional provision as per Directive 4 as issued by the Accounting Standards Board, where investment property was acquired through a transfer of functions, the municipality is not required to measure that investment property for a period of three years from the effective date of the transfer of functions or the effective date of the standard, whichever is later. The municipality acquired a transfer of function in 2010 and investment property has accordingly been recognised at provisional amounts, as disclosed in note 3.

Until such time as the measurement period expires and investment property are recognised and measured in accordance with the requirements of the Standard of GRAP on Investment property, the municipality need not comply with the Standards of GRAP on:

- Presentation of financial statements (GRAP 1),
- The effects of changes in foreign exchange transactions (GRAP 4),
- Leases (GRAP 13),
- Segment reporting (GRAP 18),
- Non-current assets held for sale and discontinued operations (GRAP 100)

The exemption from applying the measurement requirements of the Standard of GRAP on Investment property implies that any associated presentation and disclosure requirements need not be complied with for investment property not measured in accordance with the requirements of the Standard of GRAP on Investment property.

1.3 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and
- the cost or fair value of the item can be measured reliably.

Property, plant and equipment are initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an item of property, plant and equipment is acquired at no cost, or for a nominal cost, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired non-monetary asset's fair value is not determinable, it's deemed cost is the carrying amount of the asset given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Accounting Policies

1.3 Property, plant and equipment (continued)

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, or to replace a part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Major spare parts and stand by equipment which are expected to be used for more than one period are included in property, plant and equipment. In addition, spare parts and stand by equipment which can only be used in connection with an item of property, plant and equipment are accounted for as property, plant and equipment.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Subsequent to initial measurement property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual values.

Subsequent to initial measurement property, plant and equipment are carried at cost less accumulated depreciation and any accumulated impairment losses.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Average useful life
Infrastructure	
• Roads and motorways	10 - 15 years
• Traffic equipment	5 years
• Storm water drainage	20 years
• Airport infrastructure	20 years
• Solid waste	30 years
• Water and sanitation	20 years
• Major substations: buildings	30 years
• Transformers and related equipment	20 years
• Mains	20 years
• Street lighting	25 years
Community	
• Buildings	30 years
• Recreational facilities	30 years
Other property, plant and equipment	
• Buildings	30 years
• Markets and informal markets	30 years
• Fire engines	20 years
• Landfill sites	5 years
• Car parks	20 years
• Building improvements	30 years
• Heavy and mobile plant	10 - 15 years
• Furniture and fittings	7 - 10 years
• Vehicles	5 - 7 years
• Bins and containers	5 - 10 years
• Plant - general	2 - 5 years
• Security systems	3 years
• Office equipment	3 - 7 years
• Other items of plant and equipment	2 - 5 years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Accounting Policies

1.3 Property, plant and equipment (continued)

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of an item property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item. Such difference in recognised in surplus or deficit when the item is derecognised.

Compensation from third parties for an item of property, plant and equipment that was impaired, lost or given up is recognised in surplus or deficit when the compensation becomes receivable.

Transitional provision

The municipality changed its accounting policy for property, plant and equipment in 2010. The change in accounting policy is made in accordance with the transitional provisions as per Directive 4 as issued by the Accounting Standards Board.

According to the transitional provision, the municipality is not required to measure property, plant and equipment for reporting periods beginning on or after a date within three years following the date of initial adoption of the Standard of GRAP on Property, plant and equipment. Property, plant and equipment have accordingly been recognised at provisional amounts, as disclosed in 4. The transitional provisions expires on 30 June 2012.

In accordance with the transitional provision as per Directive 4 of the GRAP Reporting Framework, where property, plant and equipment was acquired through a transfer of functions, the municipality is not required to measure that property, plant and equipment for a period of three years from the effective date of the transfer of functions or the effective date of the Standard, whichever is later. The municipality acquired a transfer(s) of function in 2010 and property, plant and equipment has accordingly been recognised at provisional amounts, as disclosed in 4.

Until such time as the measurement period expires and property, plant and equipment are recognised and measured in accordance with the requirements of the Standard of GRAP on Property, plant and equipment, the municipality need not comply with the Standards of GRAP on:

- Presentation of financial statements (GRAP 1),
- The Effects of changes in foreign exchange transactions (GRAP 4),
- Leases (GRAP 13),
- Segment reporting (GRAP 18),
- Non-current assets held for sale and discontinued operations (GRAP 100)

The exemption from applying the measurement requirements of the Standard of GRAP on Property, plant and equipment implies that any associated presentation and disclosure requirements need not be complied with for property, plant and equipment not measured in accordance with the requirements of the Standard of GRAP on Property, plant and equipment.

1.4 Intangible assets

An asset is identified as an intangible asset when it:

- is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, assets or liability; or
- arises from contractual rights or other legal rights, regardless whether those rights are transferable or separate from the municipality or from other rights and obligations.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality; and
- the cost or fair value of the asset can be measured reliably.

Intangible assets are initially measured at cost.

Where an intangible asset is acquired at no cost or for a nominal cost, its cost is its fair value as at the date of acquisition.

Accounting Policies

1.4 Intangible assets (continued)

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale;
- there is an intention to complete and use or sell it;
- there is an ability to use or sell it;
- it will generate probable future economic benefits or service potential;
- there are available technical, financial and other resources to complete the development and to use or sell the asset; and
- the expenditure attributable to the asset during its development can be measured reliably.

Subsequent to initial measurement intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their expected useful lives to their estimated residual value, if any.

The amortisation period, residual value, if any, and the amortisation method for intangible assets are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

The useful lives of intangible assets have been assessed as follows:

Item	Useful life
Computer software	5 years

Intangible assets are derecognised on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of an intangible asset is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the intangible asset. Such difference is recognised in surplus or deficit when the intangible asset is derecognised.

Accounting Policies

1.4 Intangible assets (continued)

Transitional provision

The municipality changed its accounting policy for intangible assets in 2010. The change in accounting policy is made in accordance with its transitional provisions as per Directive 4 as issued by the Accounting Standards Board.

According to the transitional provisions, the municipality is not required to measure intangible assets for reporting periods beginning on or after a date within three years following the date of initial adoption of the Standard of GRAP on Intangible assets. Intangible assets have accordingly been recognised at provisional amounts, as disclosed in note 5. The transitional provision expires on 30 June 2012.

In accordance with the transitional provisions as per Directive 4 as issued by the Accounting Standards Board, where intangible assets were acquired through a transfer of functions, the municipality is not required to measure that intangible assets for a period of three years from the effective date of the transfer of functions or the effective date of the standard, whichever is later. The municipality acquired a transfer(s) of function in 2010 and intangible assets has accordingly been recognised at provisional amounts, as disclosed in note 5.

Until such time as the measurement period expires and intangible assets are recognised and measured in accordance with the requirements of the Standard of GRAP on Intangible assets, the municipality need not comply with the Standards of GRAP on:

- Presentation of financial statements (GRAP 1),
- The effects of changes in foreign exchange transactions (GRAP 4),
- Leases (GRAP 13),
- Segment reporting (GRAP 18),
- Non-current assets held for sale and discontinued operations (GRAP 100)

The exemption from applying the measurement requirements of the Standard of GRAP on Intangible assets implies that any associated presentation and disclosure requirements need not be complied with for intangible assets not measured in accordance with the requirements of the Standard of GRAP on Intangible assets.

1.5 Heritage assets

Heritage assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

Recognition

A heritage asset is recognised when, it is probable that future economic benefits or service potential associated with the asset will flow to the municipality, and the cost or fair value of the asset can be measured reliably.

Initial measurement

Heritage assets are initially measured at cost.

Where a heritage asset is acquired at no cost or for a nominal cost, or through a non-exchange transaction, its cost is its fair value as at the date of acquisition.

Subsequent measurement

Subsequent to initial measurement heritage assets are carried at cost less any accumulated impairment losses.

Derecognition

Heritage assets are derecognised on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of a heritage asset is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the heritage asset. Such difference is recognised in surplus or deficit when the heritage asset is derecognised.

Accounting Policies

1.6 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

A financial asset is:
- cash;
- a residual interest of another entity; or
- a contractual right to:
  - receive cash or another financial asset from another entity; or
  - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

A financial liability is any liability that is a contractual obligation to:
- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:
- the municipality designates at fair value at initial recognition; or
- are held for trading.

Financial instruments at cost are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

Financial instruments at fair value comprise financial assets or financial liabilities that are:
- derivatives;
- combined instruments that are designated at fair value;
- instruments held for trading. A financial instrument is held for trading if:
  - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
  - on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking;
  - non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
  - financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

Classification

The entity has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Stand loans	Loans and receivables
Consumer debtors	Loans and receivables
Cash and cash equivalents	Loans and receivables

The entity has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Finance lease obligation	Financial liability measured at amortised cost
Trade and other payables	Financial liability measured at amortised cost
Other financial liabilities	Financial liability measured at amortised cost

Accounting Policies

1.6 Financial instruments (continued)

Initial recognition

The municipality recognises a financial asset or a financial liability in its statement of financial position when the entity becomes a party to the contractual provisions of the instrument.

The municipality recognises financial assets using trade date accounting.

Initial measurement

The municipality measures a financial asset and financial liability at amortised cost initially at its fair value, plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

When the municipality enters into a concessionary loan agreement, it first assesses whether the substance of the concessionary loan is in fact a loan. On initial recognition, the municipality analyses a concessionary loan into its component parts and accounts for each component separately. The municipality accounts for that part of a concessionary loan that is:

- a social benefit in accordance with the Framework for the Preparation and Presentation of Financial Statements, where it is the issuer of the loan; or
- non-exchange revenue, in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers), where it is the recipient of the loan.

Accounting Policies

1.6 Financial instruments (continued)

Subsequent measurement

The municipality measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at fair value.
- Financial instruments at amortised cost.

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

Fair value measurement considerations

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the municipality establishes fair value by using a valuation technique. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the entity uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on entity-specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, the municipality calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on any available observable market data.

Reclassification

The municipality does not reclassify a financial instrument while it is issued or held unless it is:

- a combined instrument that is required to be measured at fair value; or
- an investment in a residual interest that meets the requirements for reclassification.

Where the municipality cannot reliably measure the fair value of an embedded derivative that has been separated from a host contract that is a financial instrument at a subsequent reporting date, it measures the combined instrument at fair value. The instrument is then reclassified from amortised cost or cost to fair value.

If fair value can no longer be measured reliably for an investment in a residual interest measured at fair value, the municipality reclassifies the investment from fair value to cost. The carrying amount at the date that fair value is no longer available becomes the cost.

If a reliable measure becomes available for an investment in a residual interest for which a measure was previously not available, and the instrument would have been required to be measured at fair value, the municipality reclassifies the instrument from cost to fair value.

Gains and losses

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit.

For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

Impairment and uncollectibility of financial assets

The municipality assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

For amounts due to the municipality, significant financial difficulties of the receivable, probability that the receivable will enter bankruptcy and default of payments are all considered indicators of impairment.

Accounting Policies

1.6 Financial instruments (continued)

Financial assets measured at amortised cost:

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced directly. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed directly. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

Where financial assets are impaired through use of an allowance account, the amount of the loss is recognised in surplus or deficit within operating expenses. When such assets are written off, the write off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

Derecognition

Financial assets

The municipality derecognises financial assets using trade date accounting.

The municipality derecognises a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the municipality transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the municipality, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the municipality :
  - derecognise the asset; and
  - recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of the transferred asset are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised is recognised in surplus or deficit in the period of the transfer.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

Financial liabilities

The municipality removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished — i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another entity by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

Accounting Policies

1.6 Financial instruments (continued)

Presentation

Interest relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Losses and gains relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

A financial asset and a financial liability are only offset and the net amount presented in the statement of financial position when the municipality currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

1.7 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

Any contingent rents are expensed in the period in which they are incurred.

Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term. The difference between the amounts recognised as revenue and the contractual receipts are recognised as an operating lease asset or liability.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis.

Any contingent rent is recognised separately as revenue when received or receivable and are not straight-lined over the lease term.

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis over the lease term.

Any contingent rent is recognised separately as an expense when paid or payable and are not straight-lined over the lease term.

1.8 Inventories

Inventories are initially measured at cost except where inventories are acquired at no cost, or for nominal consideration, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value.

Accounting Policies

1.8 Inventories (continued)

Inventories are measured at the lower of cost and current replacement cost where they are held for:

- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

Current replacement cost is the cost the municipality will incur to acquire the asset on the reporting date.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the first-in, first-out (FIFO) formula. The same cost formula is used for all inventories having a similar nature and use to the municipality. The only inventory of the municipality that the cost is assigned using the weighted average formula is for water and electricity.

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.9 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of surplus sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the municipality's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

Other post retirement obligations

The municipality provides post-retirement medical care benefits upon retirement to some retirees and their legitimate spouses.

The entitlement to post-retirement health care benefits is based on the employee remaining in service up to retirement age and the completion of a minimum service period. The amount recognised in the statement of financial position represents the present value of the defined contribution onligation. The amount is discounted by using the market related interest rate at the reporting date.

Accounting Policies

1.10 Provisions and contingencies

Provisions are recognised when:

- the municipality has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating deficits.

If the municipality has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 37 - Contingencies.

1.11 Revenue from exchange transactions

Exchange transactions are transactions in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Accounting Policies

1.11 Revenue from exchange transactions (continued)

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Interest, royalties and dividends

Revenue arising from the use by others of municipality assets yielding interest, royalties and dividends is recognised when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- the amount of the revenue can be measured reliably.

Interest is recognised, in surplus or deficit, using the effective interest rate method.

1.12 Revenue from non-exchange transactions

Non-exchange transactions are defined as transactions where the municipality receives value from another entity without directly giving approximately equal value in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Rates, including collection charges and penalties interest

Revenue from rates, including collection charges and penalty interest, is recognised when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the amount of the revenue can be measured reliably; and
- there has been compliance with the relevant legal requirements.

Changes to property values during a reporting period are valued by a suitably qualified valuator and adjustments are made to rates revenue, based on a time proportion basis. Adjustments to rates revenue already recognised are processed or additional rates revenue is recognised.

Accounting Policies

1.12 Revenue from non-exchange transactions (continued)

Fines

Revenue from the issuing of fines is recognised when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- the amount of the revenue can be measured reliably.

The municipality has two types of fines: spot fines and summonses. There is uncertainty regarding the probability of the flow of economic benefits or service potential in respect of spot fines as these fines are usually not given directly to an offender. Further legal processes have to be undertaken before the spot fine is enforceable. In respect of summonses the public prosecutor can decide whether to waive the fine, reduce it or prosecute for non-payment by the offender. An estimate is made for the revenue amount collected from spot fines and summonses based on past experience of amounts collected. Where a reliable estimate cannot be made of revenue from summonses, the revenue from summonses is recognised when the public prosecutor pays over to the municipality the cash actually collected on summonses issued.

Levies

Levies are recognised as revenue when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- the amount of the revenue can be measured reliably.

Levies are based on declarations completed by levy payers. The estimate of levies revenue when a levy payer has not submitted a declaration are based on the following factors:

- the extent and success of procedures to investigate the non-submission of a declaration by defaulting levy payers;
- internal records maintained of historical comparisons of estimated levies with actual levies received from individual levy payers;
- historical information on declarations previously submitted by defaulting levy payers; and
- the accuracy of the database of levy payers as well as the frequency by which it is updated for changes.

Changes to estimates made when more reliable information become available are processed as an adjustment to levies revenue.

Government grants

Government grants are recognised as revenue when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality,
- the amount of the revenue can be measured reliably, and
- to the extent that there has been compliance with any restrictions associated with the grant.

The municipality assesses the degree of certainty attached to the flow of future economic benefits or service potential on the basis of the available evidence. Certain grants payable by one level of government to another are subject to the availability of funds. Revenue from these grants is only recognised when it is probable that the economic benefits or service potential associated with the transaction will flow to the entity. An announcement at the beginning of a financial year that grants may be available for qualifying entities in accordance with an agreed programme may not be sufficient evidence of the probability of the flow. Revenue is then only recognised once evidence of the probability of the flow becomes available.

Restrictions on government grants may result in such revenue being recognised on a time proportion basis. Where there is no restriction on the period, such revenue is recognised on receipt.

When government remit grants on a re-imbursement basis, revenue is recognised when the qualifying expense has been incurred and to the extent that any other restrictions have been complied with.

Accounting Policies

1.12 Revenue from non-exchange transactions (continued)

Other grants and donations

Other grants and donations are recognised as revenue when:
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the amount of the revenue can be measured reliably; and
- to the extent that there has been compliance with any restrictions associated with the grant.

If goods in-kind are received without conditions attached, revenue is recognised immediately. If conditions are attached, a liability is recognised, which is reduced and revenue recognised as the conditions are satisfied.

1.13 Investment income

Investment income is recognised on a time-proportion basis using the effective interest method.

1.14 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

1.15 Unauthorised expenditure

Unauthorised expenditure means:
- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.16 Irregular expenditure

Irregular expenditure as defined in section 1 of the MFMA is expenditure incurred in contravention of, or that is not in accordance with:
- a requirement of the MFMA (Act No. 56 of 2003), and which has not been condoned in terms of section 170; or
- a requirement of the Municipal System Act (Act No.32 of 2000), and which has not been condoned in terms of this Act; or
- a requirement of the Public Office-Bearers Act, 1998 (Act No. 20 of 1998); or
- a requirement of the supply chain management policy of the municipality or any of the municipality's by-laws giving effect to such policy, and which has been condoned in terms of such policy or by-law.

Irregular expenditure is accounted for as expenditure in the statement of financial performance and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

Irregular expenditure that was incurred and identified during the current financial and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

1.17 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

Accounting Policies

1.18 Budget information

A reconciliation between the statement of financial performance and the budget has been included in the annual financial statements, as the recommended disclosure as determined by National Treasury, as the annual financial statements and the budget are not on the same basis of accounting. Refer to note 46 - Reconciliation between budget and statement of financial performance.

1.19 Presentation of currency

These annual financial statements are presented in South African Rand.

1.20 Offsetting

Assets, liabilities, revenue and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP

1.21 Related parties

The municipality operates in an economic sector currently dominated by entities directly or indirectly owned by the South African Government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the local sphere of government are considered to be related parties.

Management are those persons responsible for planning, directing and controlling the activities of the municipality, including those charged with the governance of the entity in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the municipality.

Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed.

Notes to the Annual Financial Statements

Figures in Rand	2011	2010

2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the municipality has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

IGRAP 1: Interpretation of GRAP: Applying the Probability Test on Initial Recognition of Exchange Revenue

The municipality assesses the probability of each transaction on an individual basis when it occurs. The municipality shall not assess the probability on an overall level based on the payment history of recipients of the service in general when the probability of revenue is assessed at initial recognition.

The full amount of revenue will be recognised at initial recognition. Assessing impairment is an event that takes place subsequently to initial recognition. Such impairment is an expense. Revenue is not reduced by this expense.

The effective date of the interpretation is for years beginning on or after 01 April 2010.

The municipality has adopted the interpretation for the first time in the 2011 annual financial statements.

The impact of the interpretation is not material.

GRAP 23: Revenue from Non-exchange Transactions

Revenue from non-exchange transactions arises when the municipality receives value from another entity without directly giving approximately equal value in exchange. An asset acquired through a non-exchange transaction shall initially be measured at its fair value as at the date of acquisition.

An inflow of resources from a non-exchange transaction recognised as an asset shall be recognised as revenue, except to the extent that a liability is recognised for the same inflow. As the municipality satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it will reduce the carrying amount of the liability recognised as recognise an amount equal to that reduction.

The effective date of the standard is for years beginning on or after 01 April 2012.

The municipality has early adopted the standard for the first time in the 2011 annual financial statements.

2.2 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are only mandatory for the municipality's accounting periods beginning on or after 01 July 2011 or later periods:

GRAP 24: Presentation of Budget Information in the Financial Statements

The municipality should present a comparison of the budget amounts for which it is held publicly accountable and actual amounts either as a separate additional financial statement or as additional budget columns in the financial statements currently presented in accordance with Standards of GRAP. The comparison of budget and actual amounts shall present separately for each level of legislative oversight:

- the approved and final budget amounts;
- the actual amounts on a comparable basis; and
- by way of note disclosure, an explanation of material differences between the budget for which the municipality is held publicly accountable and actual amounts, unless such explanation is included in other public documents issued in conjunction with the financial statements, and a cross reference to those documents is made in the notes.

Where the municipality prepares its budget and annual financial statements on a comparable basis, it includes the comparison as an additional column in the primary annual financial statements. Where the budget and annual financial statements are not prepared on a comparable basis, a separate statement is prepared called the 'statement of comparison of budget and actual amounts'. This statement compares the budget amounts with the amounts in the annual financial statements adjusted to be comparable to the budget.

A comparable basis means that the budget and annual financial statements:

- are prepared using the same basis of accounting i.e. either cash or accrual;
- include the same activities and entities;
- use the same classification system; and
- are prepared for the same period.

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

The effective date of the standard is for years beginning on or after 01 April 2012.

The municipality expects to adopt the standard for the first time in the 2013 annual financial statements.

The adoption of this standard is not expected to impact on the results of the municipality, but may result in more disclosure than is currently provided in the annual financial statements.

GRAP 103: Heritage Assets

GRAP 103 defines heritage assets as assets which have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

The standard required judgment in applying the initial recognition criteria to the specific circumstances surrounding the entity and the assets.

GRAP 103 states that a heritage asset should not be depreciated but an entity should assess at each reporting date whether there is an indication that it may be impaired.

The effective date of the standard is for years beginning on or after 01 April 2012.

The municipality expects to adopt the standard for the first time in the 2013 annual financial statements.

GRAP 21: Impairment of Non-cash-generating Assets

Non-cash-generating assets are assets other than cash-generating assets.

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

The present value of the remaining service potential of a non-cash-generating asset is determined using one of the following approaches:

- Depreciated replacement cost approach
- Restoration cost approach
- Service units approach

The effective date of the standard is for years beginning on or after 01 April 2012.

The municipality expects to adopt the standard for the first time in the 2013 annual financial statements.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

GRAP 26: Impairment of Cash-generating Assets

Cash-generating assets are those assets held by an municipality with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

The effective date of the standard is for years beginning on or after 01 April 2012.

The municipality expects to adopt the standard for the first time in the 2013 annual financial statements.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

GRAP 25: Employee Benefits

The objective of GRAP 25 is to prescribe the accounting and disclosure for employee benefits.

GRAP 25 must be applied by an employer in accounting for all employee benefits, except share based payment transactions.

This standard has been approved by the Accounting Standards Board but its effective date has not yet been determined by the Minister of Finance.

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

The municipality expects to adopt the standard for the first time once it becomes effective.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

GRAP 104: Financial Instruments

The standard prescribes recognition, measurement, presentation and disclosure requirements for financial instruments. Financial instruments are defined as those contracts that results in a financial asset in one municipality and a financial liability or residual interest in another municipality. A key distinguishing factor between financial assets and financial liabilities and other assets and liabilities, is that they are settled in cash or by exchanging financial instruments rather than through the provision of goods or services.

Financial assets and financial liabilities are initially recognised at fair value. Where the municipality subsequently measures financial assets and financial liabilities at amortised cost or cost, transactions costs are included in the cost of the asset or liability.

Concessionary loans are loans either received by or granted to another municipality on concessionary terms, e.g. at low interest rates and flexible repayment terms. On initial recognition, the fair value of a concessionary loan is the present value of the agreed contractual cash flows, discounted using a market related rate of interest for a similar transaction. The difference between the proceeds either received or paid and the present value of the contractual cash flows is accounted for as non-exchange revenue by the recipient of a concessionary loan in accordance with Standard of GRAP on Revenue from Non-exchange Revenue Transactions (Taxes and Transfers), and using the Framework for the Preparation and Presentation of Financial Statements (usually as an expense) by the grantor of the loan.

Financial assets and financial liabilities are subsequently measured either at fair value or, amortised cost or cost. The municipality measures a financial instrument at fair value if it is:

- a derivative;
- a combined instrument designated at fair value, i.e. an instrument that includes a derivative and a non-derivative host contract;
- held-for-trading;
- a non-derivative instrument with fixed or determinable payments that is designated at initial recognition to be measured at fair value;
- an investment in a residual interest for which fair value can be measured reliably; and
- other instruments that do not meet the definition of financial instruments at amortised cost or cost.

GRAP 104 requires extensive disclosures on the significance of financial instruments for the municipality's statement of financial position and statement of financial performance, as well as the nature and extent of the risks that the municipality is exposed to as a result of its annual financial statements. Some disclosures, for example the disclosure of fair values for instruments measured at amortised cost or cost and the preparation of a sensitivity analysis, are encouraged rather than required.

GRAP 104 does not prescribe principles for hedge accounting. The municipality is permitted to apply hedge accounting, as long as the principles in IAS 39 are applied.

This standard has been approved by the Accounting Standards Board but its effective date has not yet been determined by the Minister of Finance.

The municipality expects to adopt the standard for the first time once it becomes effective.

The impact of this amendment is currently being assessed.

2010 Improvements to IFRSs: Amendment to IFRS 7(AC 144) Financial Instruments: Disclosures

The following intepretations to GRAP have been issued:

- iGRAP 2-10 and 13-15.

The effective date of the amendment is for years beginning on or after 01 January 2011.

The municipality expects to adopt the amendment for the first time in the 2012 annual financial statements.

The adoption of this amendment is not expected to impact on the results of the municipality, but may result in more disclosure than is currently provided in the annual financial statements.

GRAP 20: Related Party Disclosures

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

The objective of the standard is to ensure that an entity's financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.

This Standard has been approved by the Board but its effective date has not yet been determined by the Minister of Finance.

The municipality expects to adopt the standard for the first time once it becomes effective.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

Improvements to the Standards of GRAP

Improvements to the following standards of GRAP were made as part of the ASB's improvement project:

- GRAP 1-4, 9-14, 16-17, 19 and 100.

The effective date of the amendments is for years beginning on or after 01 April 2011.

The municipality expects to adopt the amendments for the first time in the 2012 annual financial statements.

It is unlikely that the amendments will have a material impact on the municipality's annual financial statements.

3. Investment property

	2011			2010		
	Cost / Valuation	**Accumulated depreciation and accumulated impairment**	**Carrying value**	**Cost / Valuation**	**Accumulated depreciation and accumulated impairment**	**Carrying value**
Investment property	4,564,404	(41,916)	4,522,488	4,564,404	(38,216)	4,526,188

Reconciliation of investment property - 2011

	Opening balance	**Depreciation**	**Total**
Investment property	4,526,188	(3,700)	4,522,488

Reconciliation of investment property - 2010

	Opening balance	**Depreciation**	**Total**
Investment property	4,530,631	(4,443)	4,526,188

Pledged as security

No investment properties were pledged as security.

A register containing the information required by section 63 of the MFMA is available for inspection at the registered office of the municipality.

Transitional provisions

Investment property recognised at provisional amounts

In accordance with the transitional provisions as per Directive 4 as issued by the Accounting Standards Board, certain investment property was recognised at provisional amounts.

Notes to the Annual Financial Statements

Figures in Rand	2011	2010

4. Property, plant and equipment

	2011			2010		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land and buildings	54,223,215	(9,342,632)	44,880,583	52,090,216	(7,179,317)	44,910,899
Infrastructure assets	352,731,616	(166,963,641)	185,767,975	325,352,496	(148,848,260)	176,504,236
Heritage assets	2,798	(133)	2,665	2,798	(65)	2,733
Other property, plant and equipment	53,030,278	(33,393,371)	19,636,907	45,500,810	(26,884,750)	18,616,060
Total	**459,987,907**	**(209,699,777)**	**250,288,130**	**422,946,320**	**(182,912,392)**	**240,033,928**

Reconciliation of property, plant and equipment - 2011

	Opening balance	Additions	Disposals	Depreciation	Total
Land and buildings	44,910,899	2,132,999	-	(2,163,315)	44,880,583
Infrastructure assets	176,504,236	32,779,214	(4,946,634)	(18,568,841)	185,767,975
Heritage assets	2,733	-	-	(68)	2,665
Other property, plant and equipment	18,616,060	7,529,468	-	(6,508,621)	19,636,907
	240,033,928	**42,441,681**	**(4,946,634)**	**(27,240,845)**	**250,288,130**

Reconciliation of property, plant and equipment - 2010

	Opening balance	Additions	Depreciation	Total
Land and buildings	35,265,011	11,466,140	(1,820,252)	44,910,899
Infrastructure assets	162,434,708	31,870,913	(17,801,385)	176,504,236
Heritage assets	2,798	-	(65)	2,733
Other property, plant and equipment	22,621,427	2,946,980	(6,952,347)	18,616,060
	220,323,944	**46,284,033**	**(26,574,049)**	**240,033,928**

Pledged as security

No assets were pledged as security.

Compensation received for losses on property, plant and equipment – included in operating surplus.

Motor vehicles	-	100,434
Office equipment	-	24,597
	-	**125,031**

Figures in Rand	2011	2010

4. Property, plant and equipment (continued)

Transitional provisions

Property, plant and equipment recognised at provisional amounts

In accordance with the transitional provisions as per Directive 4 as issued by the Accounting Standards Board, certain property, plant and equipment were recognised at provisional amounts.

A register containing the information required by section 63 of the MFMA is available for inspection at the registered office of the municipality. Refer to Appendix B for more details on Property, Plant and Equipment.

5. Intangible assets

	2011			2010		
	Cost / Valuation	**Accumulated amortisation and accumulated impairment**	**Carrying value**	**Cost / Valuation**	**Accumulated amortisation and accumulated impairment**	**Carrying value**
Computer software	708,693	(478,249)	230,444	702,534	(260,955)	441,579

Reconciliation of intangible assets - 2011

	Opening balance	**Additions**	**Amortisation**	**Total**
Computer software	441,579	6,159	(217,294)	230,444

Reconciliation of intangible assets - 2010

	Opening balance	**Additions**	**Amortisation**	**Total**
Computer software	547,518	91,229	(197,168)	441,579

Transitional provisions

Intangible assets recognised at provisional amounts

In accordance with the transitional provisions per Directive 4 as issued by the Accounting Standards Board, certain intangible assets were recognised at provisional amounts.

Notes to the Annual Financial Statements

Figures in Rand	2011	2010

6. Other financial assets

Loans and receivables		
Stand loans	32,575	130,679
Non-current assets		
Loans and receivables	-	32,575
Current assets		
Loans and receivables	32,575	98,104
	32,575	**130,679**

The municipality has not reclassified any financial assets from cost or amortised cost to fair value, or from fair value to cost or amortised cost during the current or prior year.

Fair values of loans and receivables

The maximum exposure to credit risk at the reporting date is the fair value of the loans mentioned above. The municipality does not hold any collateral as security.

Notes to the Annual Financial Statements

Figures in Rand	2011	2010

7. Financial assets by category

The accounting policies for financial instruments have been applied to the line items below:

2011

	Loans and receivables	Total
Stand loans to public	32,575	32,575
Cash and cash equivalents	32,570	32,570
Consumer debtors	62,324,078	62,324,078
	62,389,223	**62,389,223**

2010

	Loans and receivables	Total
Stand loans to public	130,679	130,679
Cash and cash equivalents	969,327	969,327
Consumer debtors	52,092,155	52,092,155
	53,192,161	**53,192,161**

Notes to the Annual Financial Statements

Figures in Rand	2011	2010

8. Retirement benefits

The amounts recognised in the statement of financial position are as follows:

Post - retirement medical aid benefit liability		
Post - retirement medical aid benefit liability	(16,520,682)	(11,797,477)
Amount to be provided for	(2,221,101)	(4,723,205)
Net liability	**(18,741,783)**	**(16,520,682)**

Key assumptions used

Calculations were made by management to estimate the initial recognition of a post - retirement medical aid benefit contribution to its employees and disclosed as a non - current liability.

Principals for calculation:

Estimated life expectancy - Men: 70 years of age

Estimated life expectancy - Women: 75 years of age

Remaining period for liability: From normal retirement age of 65

For pensioners already reached the age of 70 or 75, one year is added to the calculation of the benefit obligations.

Council contribution: 60% of the total contribution

Initial calculation:	**2011**	**2010**
Post - retirement medical aid benefit liability	18,741,783	16,520,682
Less: Provided during previous years	(16,520,682)	(11,797,477)
Amount to be provided	2,221,101	4,723,205

Defined contribution plan

It is the policy of the municipality to provide retirement benefits to all its employees. A number of defined contribution provident funds, all of which are subject to the Pensions Fund Act exist for this purpose.

The municipality is under no obligation to cover any unfunded benefits.

9. Inventories

Diesel at refuse dump site	18,498	131,902
Diesel at Breyten workshop	148,296	78,014
Consumable stores at cost	19,727,538	6,133,548
Unsold water reserves	476,149	488,222
Unsold properties held for resale	4,438,290	4,686,040
	24,808,771	**11,517,726**

Inventory pledged as security

No inventory was pledged as security.

Notes to the Annual Financial Statements

Figures in Rand	2011	2010

10. Other receivables from non-exchange transactions

Sundry debtors	14,896,341	11,796,920

Other receivables from non-exchange transactions pledged as security

No other receivables from non-exchange transactions were pledged as security.

None of the financial assets that are fully performing have been renegotiated in the last year.

Fair value of other receivables from non-exchange transactions

The fair value of other receivables approximates the carrying amount.

11. VAT receivable

VAT	-	2,506,478

VAT is payable on the cash basis and VAT is only paid over to SARS once payment is received.

12. Consumer debtors

Gross balances		
Rates and service charges	105,383,801	95,651,387
Electricity	48,076,292	33,607,358
Water	50,415,640	33,673,193
	203,875,733	**162,931,938**
Less: Allowance for bad debt		
Rates and service charges	(74,423,553)	(67,301,557)
Electricity	(32,955,434)	(26,989,347)
Water	(18,871,776)	(16,548,879)
	(126,250,763)	**(110,839,783)**
Net balance		
Rates and service charges	30,960,248	28,349,830
Electricity	15,120,858	6,618,011
Water	31,543,864	17,124,314
	77,624,970	**52,092,155**
Rates and service charges		
Current (0 -30 days)	5,461,163	4,936,472
30 days	2,650,796	2,172,213
60 days	2,074,991	1,712,172
90 days plus	95,196,851	86,830,530
Less: Allowance for bad debt	(74,423,553)	(67,301,557)
	30,960,248	**28,349,830**
Electricity		
Current (0 -30 days)	5,203,017	3,740,857
30 days	2,157,791	1,953,245
60 days	1,399,549	815,194
90 days plus	39,315,935	27,098,062
Less: Allowance for bad debt	(32,955,434)	(26,989,347)
	15,120,858	**6,618,011**

Notes to the Annual Financial Statements

Figures in Rand	2011	2010

12. Consumer debtors (continued)

Water		
Current (0 -30 days)	3,901,986	2,047,638
30 days	1,180,700	1,218,785
60 days	780,019	656,169
90 days plus	44,552,935	29,750,601
Less: Allowance for bad debt	(18,871,776)	(16,548,879)
	31,543,864	**17,124,314**
Reconciliation of allowance for bad debt		
Balance at beginning of the year	(110,839,783)	(97,088,448)
Contributions to allowance	(15,410,980)	(13,855,614)
Bad debt written off against provision	-	104,279
	(126,250,763)	**(110,839,783)**

Consumer debtors pledged as security

No consumer debtors were pledged as security during the previous or current financial years.

Credit quality of consumer debtors

All of the municipality's trade and other receivables have been reviewed for indicators of impairment. The municipality continuously monitors consumers, identified group, average past payment history and incorporates this information into its credit risk control. No external credit rating is performed.

Fair value of consumer debtors

Consumer debtors past due but not impaired

Consumer debtors which are less than 3 months past due are not considered to be impaired. At 30 June 2011, R24,810,013 (2010: R19,252,745) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

Current	14,566,165	10,724,967
30 days	5,989,288	5,344,243
60 days	4,254,560	3,183,535

Consumer debtors impaired

As of 30 June 2011, consumer debtors of R188,574,842 (2010: R162,931,937) were impaired and provided for.

The amount of the provision was R15,410,979 as of 30 June 2011 (2010: R13,855,614).

The ageing of these loans is as follows:

90 days	163,764,829	143,679,193

The creation and release of provision for impaired receivables have been included in operating expenses in the statement of financial performance.

The maximum exposure to credit risk at the reporting date is the fair value of each class of loan mentioned above. The municipality does not hold any collateral as security.

Notes to the Annual Financial Statements

Figures in Rand	2011	2010

13. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	32,570	21,420
Bank balances	-	947,907
Bank overdraft	(13,925,408)	-
	(13,892,838)	**969,327**
Current assets	32,570	969,327
Current liabilities	(13,925,408)	-
	(13,892,838)	**969,327**

Restriction on the use of cash and cash equivalents

The cash and cash equivalents held by the municipality may only be used in accordance with its mandate; as such no restrictions have been placed on the use of cash and cash equivalents for the operations of the municpality.

The municipality had the following bank accounts

Account number / description	**Bank statement balances**			**Cash book balances**		
	30 June 2011	**30 June 2010**	**30 June 2009**	**30 June 2011**	**30 June 2010**	**30 June 2009**
Standard Bank - Operating account - 031-077-110	3,814,542	5,371,077	5,339,236	(13,925,408)	947,657	(531,178)
Standard Bank - Call Account - 7-3888753-6-001	-	-	823,525	-	-	-
Standard Bank - Marketlink Account - 33-551-552-5	-	-	1,780,540	-	-	-
Total	**3,814,542**	**5,371,077**	**7,943,301**	**(13,925,408)**	**947,657**	**(531,178)**

Notes to the Annual Financial Statements

Figures in Rand	2011	2010

14. Other financial liabilities

Held at amortised cost		
Bank loan Annuity loan held at an interest rate of 13.56% from the Development Bank of South Africa.	58,876	73,898

There were no defaults during the period of principal, interest or redemption terms of loans payable.

Non-current liabilities		
At amortised cost	42,368	58,977
Current liabilities		
At amortised cost	16,508	14,921
	58,876	**73,898**

15. Finance lease obligation

Minimum lease payments due		
- within one year	2,789,858	2,434,206
- in second to fifth year inclusive	6,509,433	3,796,327
	9,299,291	6,230,533
less: future finance charges	(1,436,916)	(915,859)
Present value of minimum lease payments	**7,862,375**	**5,314,674**
Present value of minimum lease payments due		
- within one year	2,187,852	1,997,256
- in second to fifth year inclusive	5,674,523	3,317,418
	7,862,375	**5,314,674**
Non-current liabilities	5,674,523	3,317,418
Current liabilities	2,187,852	1,997,256
	7,862,375	**5,314,674**

It is municipal policy to lease certain motor vehicles and equipment under finance leases.

The average lease term is 3-5 years and the average effective borrowing rate is 10% (2010: 11%).

Interest rates on some contracts are fixed, while others are linked to prime at the contract date. All leases have fixed repayments and no arrangements have been entered into for contingent rent.

The municipality's obligations under finance leases are secured by the lessor's charge over the leased assets.

Notes to the Annual Financial Statements

Figures in Rand	2011	2010

16. Unspent conditional grants and receipts

Refer to conditional grants (Appendix F).

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts		
Sewer capital grant (Dept of Co-operative governance and transitional affairs)	(243,781)	(339,288)
Electricity ext. 32 - Department of minerals and energy	482,444	220,605
MIG Capital	16,864,233	7,911,183
Sport and recreation grant	700,000	-
	17,802,896	**7,792,500**

Movement during the year

Balance at the beginning of the year	7,792,500	8,761,395
Additions during the year	31,693,911	17,839,000
Revenue recognition during the year	(21,683,515)	(18,807,895)
	17,802,896	**7,792,500**

17. Provisions

Reconciliation of provisions - 2011

	Opening Balance	Additions	Utilised during the year	Total
Environmental rehabilitation	1,500,000	-	-	1,500,000
Leave reserve	6,971,911	4,358,640	(2,978,048)	8,352,503
	8,471,911	**4,358,640**	**(2,978,048)**	**9,852,503**

Reconciliation of provisions - 2010

	Opening Balance	Additions	Utilised during the year	Total
Environmental rehabilitation	1,500,000	-	-	1,500,000
Leave reserve	6,261,961	3,403,218	(2,693,268)	6,971,911
	7,761,961	**3,403,218**	**(2,693,268)**	**8,471,911**

18. Trade and other payables from exchange transactions

Trade payables	15,963,760	14,544,195
Payments received in advanced - contract in process	3,975,721	7,271,852
Retentions	4,686,726	3,860,309
Interest accrual	(5,144)	5,850
Other	234,649	592,556
Salary electronic payments in July	1,688,816	1,577,333
Overtime accrual	628,770	666,082
13th Cheque accrual	2,334,765	2,008,273
	29,508,063	**30,526,450**

19. Consumer deposits

Electricity and water	6,330,999	5,684,994

20. Financial liabilities by category

The accounting policies for financial instruments have been applied to the line items below:

Notes to the Annual Financial Statements

Figures in Rand	2011	2010

20. Financial liabilities by category (continued)

2011

	Financial liabilities at amortised cost	Total
Other financial liabilities	58,876	58,876
Finance lease obligation	7,862,375	7,862,375
Trade and other payables	26,714,946	26,714,946
	34,636,197	**34,636,197**

2010

	Financial liabilities at amortised cost	Total
Other financial liabilities	73,898	73,898
Finance lease obligation	5,314,674	5,314,674
Trade and other payables	28,034,077	28,034,077
	33,422,649	**33,422,649**

Notes to the Annual Financial Statements

Figures in Rand	2011	2010
21. Revenue		
Property rates	42,213,814	36,800,658
Service charges	149,969,018	121,236,611
Rental of facilities & equipment	1,296,424	1,248,791
Income from agency services	3,739,658	3,625,443
Fines	863,824	1,373,972
Licences and permits	2,048,279	3,007,242
Government grants & subsidies	108,616,129	105,962,146
Unearned finance charges	1,002,229	3,336,674
	309,749,375	**276,591,537**
The amount included in revenue arising from exchanges of goods or services are as follows:		
Service charges	149,969,018	121,236,611
Rental of facilities & equipment	1,296,424	1,248,791
Income from agency services	3,739,658	3,625,443
Licences and permits	2,048,279	3,007,242
	157,053,379	**129,118,087**
The amount included in revenue arising from non-exchange transactions is as follows:		
Property rates	42,213,814	36,800,658
Fines	863,824	1,373,972
Government grants & subsidies	108,616,129	105,962,146
Unearned finance charges	1,002,229	3,336,674
	152,695,996	**147,473,450**
22. Property rates		
Rates received		
Assessment rates	45,902,044	40,930,343
Less: Income forgone	(3,688,230)	(4,129,685)
	42,213,814	**36,800,658**
23. Service charges		
Sale of electricity	95,281,193	75,844,913
Sale of water	22,442,932	17,359,902
Sewerage and sanitation charges	16,087,432	14,089,793
Refuse removal	14,831,897	12,694,118
Other service charges	1,325,564	1,247,885
	149,969,018	**121,236,611**

Notes to the Annual Financial Statements

Figures in Rand	2011	2010

24. Government grants and subsidies

Equitable share	82,967,871	67,164,217
Municipal systems improvement grant	1,000,000	1,000,000
Capital grants (Gert Sibande District Municipality, Municipal infrastructure grant, Department of water affairs & department of minerals and energy)	20,461,951	27,473,337
Gert Sibande District Municipality	-	8,951,171
Finance management grant	750,000	735,000
Other grants	3,436,307	638,421
	108,616,129	**105,962,146**

Equitable Share

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.

Changes in level of government grants

Based on the allocations set out in the Division of Revenue Act, no significant changes in the level of government grant funding are expected over the forthcoming 3 financial years.

25. Other income

Administration fees	252,911	235,579
Commission on insurance premiums	77,679	63,425
Royalties received	1,500	113,337
Maintenance contribution golf club	-	363
Moneys received unallocated	2,116,599	1,593,230
VAT audit backpayment from SARS	-	1,831,439
Other income	1,819,556	2,353,239
	4,268,245	**6,190,612**

Notes to the Annual Financial Statements

Figures in Rand	2011	2010

26. General expenses

Advertising	570,799	540,481
Auditors remuneration	1,695,613	1,478,789
Bank charges	518,411	511,192
Cleaning	337,412	203,481
Computer expenses	26,065	7,106
Consumables	180,796	216,720
Donations	38,808	47,884
Entertainment	347,534	409,015
Insurance	2,247,793	1,697,650
Conferences and seminars	1,156,262	954,726
Levies	847,234	750,380
Magazines, books and periodicals	67,284	71,564
Medical expenses	5,962	28,565
Motor vehicle expenses	3,318,584	3,203,434
Fuel and oil	161,763	186,777
Postage and courier	890,210	709,030
Printing and stationery	680,104	473,602
Promotions	130,973	225,950
Project maintenance costs	340,887	351,970
Research and development costs	340,105	164,916
Subscriptions and membership fees	541,220	526,984
Telephone and fax	754,785	1,022,788
Training	(72,025)	700,941
Refuse	69,411	39,156
Electricity	633,431	707,711
Water	126,898	176,099
Uniforms	407,718	455,763
Repairs and maintenance	14,445,246	14,890,820
Leave pay provision	9,466,722	7,925,593
Contributions to retirement benefit obligation	2,221,101	4,723,205
Chemicals	1,728,352	2,076,816
Other expenses	3,385,276	3,853,855
	47,610,734	**49,332,963**

27. Operating surplus/(deficit)

Operating surplus/(deficit) for the period is stated after accounting inter alia for the following:

Loss on sale of property, plant and equipment	(4,946,634)	(7,454,981)
Depreciation on property, plant and equipment	27,997,095	26,861,161
Employee costs	114,111,939	100,700,823
Research and development	340,105	164,916

Notes to the Annual Financial Statements

Figures in Rand	2011	2010

28. Remuneration of councillors

Mayor	570,051	352,111
Executive Committee	1,551,147	1,086,057
Speaker	457,434	274,580
Councillors	4,550,987	2,545,997
Medical aid contributions	-	96,245
Pension contributions	-	632,469
Cell phone allowances	334,476	384,252
Travelling allowance	-	1,670,217
	7,464,095	**7,041,928**

In-kind benefits

The Mayor, Speaker and full-time councillors are provided with office space.

The Mayor has use of a council owned vehicle and driver for official duties.

The Mayor and Speaker has the support of a personal assistants.

29. Allowance for bad debt

Debt impairment	15,410,979	13,855,614

30. Investment revenue

Interest revenue		
Bank	740,818	772,017
Interest charged on trade and other receivables	8,460,224	6,894,058
	9,201,042	**7,666,075**

31. Depreciation and amortisation

Property, plant and equipment	27,997,095	26,861,161

32. Finance costs

Non-current borrowings	1,358,729	1,354,012
Finance leases	496,225	520,530
	1,854,954	**1,874,542**

33. Contracted services

Information technology services	5,921,259	4,570,769
Specialist services	11,633,789	7,762,243
Other contractors	3,420,775	3,331,129
	20,975,823	**15,664,141**

34. Bulk purchases

Electricity	90,364,942	66,410,002
Water	1,563,628	453,245
	91,928,570	**66,863,247**

Notes to the Annual Financial Statements

Figures in Rand	2011	2010

35. Cash generated from operations

(Deficit) surplus	(1,837,204)	7,425,278
Adjustments for:		
Depreciation and amortisation	27,997,095	26,861,161
Loss on sale of assets and liabilities	4,946,634	7,454,981
Finance costs - finance leases	496,225	520,530
Contribution to doubtful debt allowance	15,410,979	13,855,614
Contribution to medical aid provision: Non-current	2,221,101	4,723,205
Movements in provisions	1,380,592	709,950
Other non-cash items	6,703,223	10,943,112
Changes in working capital:		
Inventories	(13,291,045)	(382,722)
Other receivables from non-exchange transactions	(3,099,421)	(4,938,328)
Consumer debtors	(40,943,794)	(21,388,471)
Loans receivable	-	384,266
Trade and other payables from exchange transactions	(1,018,387)	9,302,048
VAT	10,583,524	(2,970,962)
Unspent conditional grants and receipts	10,010,396	(968,895)
Consumer deposits	646,005	-
	20,205,923	**51,530,767**

36. Commitments

Authorised capital expenditure

The municipality had outstanding orders to the amount of R1,493,233.54 at year end. This committed expenditure will be financed by available bank facilities, retained surpluses and existing cash resources.

The municipality purchased portion 6 of the farm Rietspruit 437-IS, title deed number T25160/1971.

37. Contingencies

Litigation is in the process against the municipality relating to a dispute on unfair dismissal, cancelation of contracts, servitudes, lease contracts, improper sal of land, negligence, unauthorised lease of property, defrauding motor scheme and undue payment of R1,825,000. The municipality's attorneys consider the estimate to be reasonable, although subject to a number of variables.

There is currently a dispute with the Department of Water Affairs on invoices to the amount of R2,609,054.80, which has not been paid by the municipality. These invoices were for water consumed by mines within the Msukaligwa Local Municipality's jurisdiction. The municipality were invoiced instead of the individual mines.

Their exists a contingent asset of R2,675,098.12 as an insurance amount may be receivable from Alexander Forbes. The construction of an elevated tank for Wesselton had collapsed.

Notes to the Annual Financial Statements

Figures in Rand	2011	2010

38. Risk management

Liquidity risk

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

Budgeted cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored. Surplus cash are held as short term deposits to assist in settling future commitments.

The table below analyses the municipality's financial liabilities (non-derivatives) into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

At 30 June 2011	Within 1 year	In second to fifth year inclusive	After 5 years	Carrying value
Annuity loans	16,508	42,368	-	58,876
Finance lease obligations	2,187,852	5,674,523	-	7,862,375
Trade and other payables	16,134,178	-	-	16,134,178
Consumer deposits	-	-	6,330,999	6,330,999
Retentions	4,145,644	-	-	4,145,644

At 30 June 2010	Within 1 year	In second to fifth year inclusive	After 5 years	Carrying value
Annuity loans	14,921	58,977	-	73,898
Finance lease obligations	1,997,237	3,317,437	-	5,314,674
Trade and other payables	14,726,177	-	-	14,726,177
Consumer deposits	-	-	5,684,994	5,684,994
Retentions	3,860,309	-	-	3,860,309

Interest rate risk

As the municipality has no significant interest-bearing assets, the municipality's revenue and operating cash flows are substantially independent of changes in market interest rates.

At year end, financial instruments exposed to interest rate risk were as follows: Balances with banks.

Credit risk

Credit risk consists mainly of cash deposits, staff loans, cash equivalents, trade receivables and other receivables. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluates credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to consumers are settled mainly in cash. Management makes use of an independant attorney to assist in debt collection.

The municipality establishes an allowance for doubtful debt that represents its estimate of incurred credit losses in respect of trade and other receivables. All of the municipality's consumers were reviewed for indications of impairment and certain receivables were found to be impaired and an allowance for credit loss was provided for.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	2011	2010
Cash and cash equivalents	32,570	969,327
Consumer debtors	77,735,058	52,092,155
Loans receivable	32,575	130,679

Notes to the Annual Financial Statements

Figures in Rand	2011	2010

39. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

40. Events after the reporting date

The management of the municipality are not aware of any significant matter or circumstances arising since the end of the financial year to the date of this report in respect of matters which would require adjustments to or disclosure in the annual financial statements.

41. Unauthorised expenditure

During the year unauthorised expenditure of R17,802,896 was incurred, due to unspent conditional grants not being cash backed at 30 June 2011.

Notes to the Annual Financial Statements

Figures in Rand	2011	2010

42. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

Current year subscription	534,636	521,964
Amount paid - current year	(534,636)	(521,964)
	-	-

Audit fees

Current year fee	1,695,613	2,067,324
Amount paid - current year	(1,695,613)	(2,067,324)
	-	-

PAYE and UIF

Current year payroll deductions	12,083,926	10,596,621
Amount paid - current year	(12,083,926)	(10,596,621)
	-	-

Pension and Medical Aid Deductions

Current year payroll deductions and council contributions	18,865,591	15,848,741
Amount paid - current year	(18,865,591)	(15,848,741)
	-	-

VAT

VAT receivable	-	2,506,478
VAT payable	8,077,046	-
	8,077,046	**2,506,478**

All VAT returns have been submitted by the due date throughout the year.

Notes to the Annual Financial Statements

Figures in Rand	2011	2010

42. Additional disclosure in terms of Municipal Finance Management Act (continued)

Councillors' arrear consumer accounts

The following councillors had arrear accounts outstanding at 30 June 2011:

30 June 2011	Outstanding less than 90 days	Outstanding more than 90 days	Total
JS Bongwe	519	-	519
KH Dladla (1)	1,454	550	2,004
KH Dhludhlu	1,021	597	1,618
BI Sibiya (1)	495	-	495
BI Sibiya (2)	1,225	3,822	5,047
BI Sibiya (3)	-	14,556	14,556
CVN Madini	1,118	7,078	8,196
CVN Madini (2)	1,996	21,284	23,280
CVN Madini (3)	-	16,099	16,099
CVN Madini (4)	-	13,283	13,283
TC Ngwenya (1)	37	1,941	1,978
TC Ngwenya (2)	136	-	136
BS Puwani (1)	198	-	198
BS Puwani (2)	-	11,067	11,067
GT Msimango	-	4,948	4,948
TS Nkosi (2)	524	-	524
SM Nkosi	283	3,171	3,454
FJ Mabasa	-	10,447	10,447
TT Malaza	2,196	-	2,196
TT Malaza	129	6,631	6,760
MS Nkosi	48	2,477	2,525
HF Swart	25	-	25
MS Vilakazi	435	4,647	5,082
EC Msezane	-	6,456	6,456
NG Mashinini	275	-	275
BM Vilakazi	1,729	-	1,729
	13,843	**129,054**	**142,897**

30 June 2010	Outstanding less than 90 days	Outstanding more than 90 days	Total
MJ Blose	254	3,659	3,913
JS Bongwe	418	-	418
NC Gininda	574	-	574
GS Greyling	364	-	364
KJ Makhubu	340	5	345
TT Malaza	1,163	-	1,163
S Marsh	117	-	117
BA Maseko	141	6,631	6,772
J Mashinini	290	-	290
MJ Mkhonza	161	-	161
MS Nkosi	48	2,268	2,316
Z Nkosi	1,502	-	1,502
GB Prinsloo	3,083	-	3,083
FT Yende	449	-	449
WE Ritson	521	-	521
ZS Zwane	1,045	65	1,110
ZPG Mthimunye	85	-	85
HF Swart	2,218	1,011	3,229
GA Vilakazi	3,694	-	3,694
MS Vilakazi	438	4,334	4,772
NS Xaba	109	-	109
MMI Zikhali	342	-	342
PA Zulu	838	1,080	1,918

Notes to the Annual Financial Statements

Figures in Rand		2011	2010
42. Additional disclosure in terms of Municipal Finance Management Act (continued)			
BC Sibeko	2,589	693	3,282
BM Vilakazi	1,280	-	1,280
	22,063	**19,746**	**41,809**

Figures in Rand	2011	2010

42. Additional disclosure in terms of Municipal Finance Management Act (continued)

Supply chain management regulations

In terms of section 36 of the Municipal Supply Chain Management Regulations various deviations from the Supply Chain Management Policy has been approved and submitted to Council on a monthly report in terms of subsection 36(2) of the policy and approved accordingly. Details are as follows:

NAME OF SUPPLIER	AMOUNT	REASON
BRAKE AND CLUTCH SERVICE	R 465.12	Shoe reline and drum skinning for Nissan CJY 178 MP had to be done urgently because the linings were not seen when quote for service was made.
JWL INDUSTRIES	R 1 593.72	Pump calibration and service for Tractor Massey Ferguson registered BKR 107 MP is only done at JWL Industries.
AFRIPLAN	R 18 958.33	The services of Afriplan were procured through the normal SCM processes for the subdivision of Erf 3404, Wesselton. However, the results of the layout cause an outcry from the intended beneficiaries as sizes differed immensely. Therefore, Afriplan was requested to rectify the cause of the uproar.
BRAKECORE	R 1 414.61	The pressure plate and clutch plate for Truck Isuzu registered BKW141MP had to be tested first by the supplier before working on it. For testing you pay one hundred rand.
TMN KGOMO & ASSOCIATES	R 37 135.50	Legal opinion on legal implications for the restructuring of certain positions within the organogram of Msukaligwa Municipality.
RAMATHE FIVAZ	R 68 000.00	To conduct forensic accounting services in allegations of non-compliance to policy and procedures in the appointment of service providers at the Community Services Department and theft at the Fire Section.
BOLT & NUT	R 3 784.80	The tandem bearings for Grader Gallion registered BKR 134 MP is only supplied by Bolt & Nut. Many suppliers have been tried but could not get the tandem bearings in stock because it is an old machine. After 3 weeks the only quote received was from Bolt & Nut.
ERMELO ELECTROMOTOR SERVICES	R 21 427.44	Urgent rewind of electrical motor in order to service water supply to De Bruin Park and Everest Park.
EARLY READERS	R 19 259.30	Library is to procure books from the Publishers. Books are regarded as special piece of art. Please refer to Section 42 of the SCM Policy.
MOOLIES	R 1 755.60	The Nissan S/C Grass Fire Unit with fleet number F202038 and license number CTD 599 MP, experience braking malfunction. The brake system had to be stripped to obtain what is wrong. If another quotation is to be obtained, the brake system must be reassemble and Council will have to pay the labour cost, which will be additional and unnecessary cost.

Figures in Rand	2011	2010

42. Additional disclosure in terms of Municipal Finance Management Act (continued)

PRODIBA	R 22 909.28	Prodiba is the sole supplier of prescribed forms as per NRTA 93(1996).
WORKSHOP ELECTRONICS	R 20 686.56	Workshop electronics is the sole supplier for calibrating and repairs on VTS equipment and machines as prescribed by SANS 10216.
BETHAL FOTODRUKKERS	R 5 690.00	Bethal Fotodrukkers is the sole supplier for test reports as prescribed by the NRTA 93/1996.
VAN WETTENS	R 1 710.00	On 10 August 2010, fire fighters were involved in a serious vehicle accident with a fire fighting vehicle TATA, license #DPM904MP. Due to the severe damage to the vehicle, the vehicle had to be towed by a heavy recovery vehicle. The only company in Ermelo who got such recovery vehicles for heavy motor vehicles is van Wettens.
N I PROJECTS	R 1 596.00	Nicon projects was the only company that could help us with a lowbed to load a Grader registered DND134MP, that had crushed a wheel bearing and could not move.
BABCOCK EQUIPMENT	R 27 009.45	The bearings for Grader Volvo registered DND134MP are only supplied by Babcock Equipment.
BABCOCK EQUIPMENT	R 4 667.90	Tips, locks and seals for TLB Volvo registered DDL 780 MP are only supplied by Babcock Equipment.
BELL EQUIPMENT SALES	R 1 139.46	Gaskets for hauler Bell registered DKV024MP are only supplied by Bell equipment.
LAND PART CC	R 986.10	Wheel bearing for the Tehecon trailer registered BKR035MP was bought from Land Part CC because it was very urgent, Bearing seized on the road.
BABCOCK EQUIPMENT	R 5 274.55	Pont teeth and locks for payloader Volvo registered DSJ092MP are only supplied by Babcock Equipment.
FLEET STREET PUBLICATIONS	R 217.41	Council subscribes to Fleet Street Publications (Pty) Ltd to receive HR updates from time to time.
BETHAL FOTO DRUKKERS BK	R 7 338.00	Bethal Foto Drukkers is the only provider to furnish the license office with Legislative forms.
BRAKE CORE	R 5 169.47	Boosters for Truck registered CKC354MP can only be repaired by Brake Core.
TRU RAINBOW	R 11 571.00	Tru Rainbow is the sole provider and manufacturer of Traffic Blue Lights. The models supplied are of the latest technology and they supplied us with the old model blue light which is on the vehicles and store room.
FLEET STREET PUBLICATIONS	R 206.18	Council subscribes to Fleet street Publications to receive HR updates for Labor Law for Managers handbook which guides HR Staff.
DAMOS MOTOR ENGINEERING	R 1 490.00	Cylinder head for Bakkie Datsun 1800 registered BKR103MP had to be stripped and tested for a quotation. Strip and quote.
DAMOS MOTOR ENGINEERING	R 2 290.00	The cylinder head for Truck Nissan Cabster, registered BKR089MP had to be stripped and tested for a quotation.
DAMOS MOTOR ENGINEERING	R 3 260.00	Cylinder head for Massey Ferguson Tractor registered CKC346MP had to be stripped and pressure tested before the quote.
BRAKE CORE SUPPLY	R 4 296.22	Clutch kit for Tractor Fiat registered BPN757 MP had to be stripped and tested before the quote was given.
BRAKE CORE SUPPLY	R 701.10	Radiator for Tractor Ford registered BPN729 MP had to be tested before quoting. It costs R100.00 rand if you take it somewhere else for a quote.
BABCOCK EQUIPMENT	R 1 592.26	Lock for Payloader Volvo registered DSJ092 MP is only supplied by Babcock Equipment.
CARDOC	R 6 514.13	The Unicab Fire Tanker, fleet number F202036, license number CPS760MP did not want to start. CARDOC was consulted and the tanker was towed to their premise due to the fact that the vehicle was unable to start. The engine including the diesel pump was stripped to establish what is fault. If we had to obtain a

42. Additional disclosure in terms of Municipal Finance Management Act (continued)

		second quotation the vehicle's engine and diesel pump must be reassembled and Council will have to pay the labour cost for stripped and quote.
JWL INDUSTRIES	R 5 084.01	The Tractor Massey Ferguson registered BKR 032MP had to be stripped before them giving the quotation to replace clutch plate.
ROTHMAN MOTORS	R 2 739.08	Gear links for Opel Corsa registered DLX617 MP are only supplied by Rothman Motors. This will also include fritting because we don't have necessary tools to work on it.
HIGHVELD HERALD	R 7 327.92	Highveld Herald is the only supplier in Ermelo that can cut and punch Kalamazoo pages for meter reading books. It is impractical to go outside Ermelo for quotations.
DIMAG	R 16 256.03	The pressure of irrigation system at the Golf Course dropped dramatically and it is required that during the cool season, grass greens need daily irrigation in Summer. The urgently repair of the system is very important to prevent damage to the greens. It is not possible to determine where the problem lies and a knowledgeable supplier needs to be appointed to do the investigation and repair.
KIA MOTORS	R 3 335.70	Booster brackets for Truck FAW registered DWS373MP are supplied by Kia Motors only.
MARCE FIRE FIGHTING TECHNOLOGIES	R 16 755.80	Marce Fire Fighting Technology is the exclusive and authorized dealer and service centre of the Positive Pressure Ventilators (PPV) in the South African fire fighting industry.
BURLEC ELECTRICAL DISTRIBUTORS	R 19 760.40	Over 200 houses stayed without electricity for more than 24 hours. Burlec was the only supplier who had PILC Cable Joint available at that present moment to assist the municipality before the order was issued.
BABCOCK EQUIPMENT	R 6 384.92	Service kit for Volvo Grader registered DND 134MP is only obtainable at Babcock Equipment. Babcock is the agent for the Grader. Council will provide own labour.
TRIO HYDRAULICS	R 2 245.92	Isuzu truck registered BKW141MP has been taken to Trio Hydraulics because they are the only suppliers that have the A.F PTO housing in stock. We need the truck urgently.
TRIO HYDRAULICS	R 1 119.58	Dresser Payloader has been taken to Trio Hydraulics to do modification on cylinder fittings because we do not have the necessary equipment to do it. Registration BKR038MP.
TRIO HYDRAULICS	R 543.16	Hydraulic pipe burst on the Nissan Truck registered BKR046MP and the pipe was taken to Trio Hydraulics for repairs because it was urgent, the other refuse truck has broken cylinders.
TRIO HYDRAULICS	R 4 182.92	The cylinders for Nissan Truck registered BKR 045MP had to be stripped for a quotation.
TRIO HYDRAULISCS	R 5 029.93	Leyland Truck (crane) registered BKR117MP has been taken to Trio Hydraulics because they are the Specialists on hydraulics to repair crane and issue certificate as per Health and Safety request.
TRIO HYDRAULICS	R 902.31	The Bell Tractor registered DKV024MP has been taken to Trio Hydraulics, because it is urgent and at the Workshop there is nobody who can repair hydraulic valves.
MARCE FIRE FIGHTING TECHNOLOGY	R 19 836.00	Marce Fire Fighting Technology is the exclusive and authorized dealer and service centre for Anaconda Double Jacket 100mm x 30m fire hoses.
XTRATA	N/A	Projects financed by Xstrata needed to be advertised for the upgrading of 2 streets. That the Projects (XSTRATA) be advertised from the 9th of September 2010, and be closed on the 22nd of September 2010, because the duration of this project is

42. Additional disclosure in terms of Municipal Finance Management Act (continued)

		coming near to December, therefore that is why we requesting on behalf of the Consultant and Xstrata.
TRIO HYDRAULICS	R 664.77	Hydraulic hose for JCB TLB registered BKR 132MP burst while machine was working on site and need to be replaced urgently.
MANAIR	R 37 642.80	Repairs to this pump done on emergency basis as it had an effect on water supply.
MANAIR	R 41 940.60	Repairs of this pump were urgent since it had an effect on water supply.
ERMELO MOTOR SPARES	R 230.85	The tie down ratchet was needed urgently to tie down walker roller when it was transported to Johannesburg for repairs.
BRAKE & CLUTCH SERVICES	R 203.49	Drums skinning and relining of shoes for Toyota Stout registered BKR024MP were needed urgently when the vehicle was serviced, unforeseen when making quote for service.
PICK 'N PAY	R 3 868.48	Other suppliers cannot supply the milk every day.
ERMELO TOYOTA	R 1 269.20	The link assembly (wiper) for Toyota Stallion registered BKT902MP can only be supplied by Ermelo Toyota.
ROTHMAN DELTA	R 649.80	The Opel Corsa registered DLX617MP has been taken to Rothman Delta because we don't have the necessary tools to work on the car and they are the Agents for Opel. The valve spring to be repaired.
VJOINT & CVJOINT CENTRE	R 1 347.48	The prop shaft for Volvo TLB registered DDL 750 MP can only be manufactured by VJoint and CV Joint Centre.
DEONS AUTO ELECTRICAL	R 515.00	Starter for Nissan Hardbody registered CJZ 062MP had to be stripped for quotation. (18/10/2010).
DEONS AUTO ELECTRICAL	R 610.00	Starter for Nissan 1 tonner registered CJZ 063MP had to be stripped for a quotation. (20/10/2010).
DEONS AUTO ELECTRICAL	R 320.00	Alternator for Tractor Massey Ferguson registered DPM 827MP had to be stripped before the quotation is given.
AUTO DOOR	R 8 322.00	On 2nd of October 2010 the torsion spring at bay door #1 broke and the door was not able to be open to allow emergency vehicles in and out The torsion springs was replaced by Auto Door who is the sole supplier of current bay door system in use by Council.
LIMATRA T/A CELLPHONES UNLIMITED	R 3 937.00	Council is contracting with Vodacom on cellular phones to officials and when sim swops are done, it can only be through Vodacom and also for upgrades. Limatra T/A Cellphones Unlimited is the agent that is assisting on behalf of Vodacom.
HIGHVELD FOREST AND GARDEN	R 3 480.00	Tyres for Husquvarna rider on slashes can only be supplied by Highveld Forest and Garden, the Agents for the Husquvarna machines.
MPUMALANGA PROVINCIAL GOVERNMENT	R 46 907.00	Mpumalanga Provincial Government, Department of Public Works, Roads and Transport (Transport Administration and Licensing) is the sole supplier for face value documents.
PROTEA TYRES	R 6 270.00	Bell TLB registered DMG 791MP has a burst tyre. A new tyre is needed urgently because the old one cannot be replaced and the machine is standing in the road.
TRUVELLO MANUFACTURES	R 25 335.46	Truvello is the sole manufacturer of their products. They are the only spares company that keep spares and do calibrations of their machines.
AUTOMOTOR	R 19 352.64	Automotor is the only manufacturer and supplier of 3 aspect robot accessories in S.A. Council are currently use of these products and it is not financially possible to change to another supplier due to standardization of traffic light systems.
LEXIS NEXIS	R 13 160.16	Lexis Nexis is the sole provider of the NRTA 93/96 and amendments.
HAMILTON HYDRAULIC SERVICES SS	R 24 994.10	Hamilton Hydraulic Services CC is the sole and exclusive supplier of the remote area lighting systems

Figures in Rand	2011	2010

42. Additional disclosure in terms of Municipal Finance Management Act (continued)

		in South Africa. Mazda (F202027) Rescue vehicle BLD 591 MP. (20/10/2010)
SAAILAND TREKKERS	R 1 595.64	Handbrake assembly for Landini Tractor registered BKR 077MP is only available at the agents Saailand Trekkers.
BRAKE & CLUTCH SERVICES	R 521.85	Linings for Truck Isuzu registered BKR043MP are needed urgently because of the clean-up campaign over weekends and during working hours.
BRAKE & CLUTCH SERVICES	R 465.00	Brake shoes and drums for Nissan 1Tonner registered CJZ 062MP are needed urgently because it is the only vehicle available for standby in Wesselton.
DEONS AUTO ELECTRICAL	R 438.00	Alternator for vehicle Mazda registered BKP 675MP had to be stripped before the issuing of the quotation to repair alternator.
MAN	R 4 474.32	The Unicab Fire Tanker, fleet number F202036, license number CPS 760 MP when started experience heavy smoke emission from the engine and the engine is back firing. The vehicle was taken to MAN and the diesel pump was removed and stripped. If we must get a second quote the diesel pump must be reassembled and labour cost will be charge which will lead to additional cost.
BRAKECORE SUPPLY	R 8 509.51	Brake-core supply tested the pressure plate and clutch plate for tractor FIAT registered BPN 757 MP. It was discovered that it could not be repaired and should buy a new one.
THULATOM CONSTRUCTION	R 3 200.00	Before the quotation is given for taillights and wirering the Landini Tractor registered BLV 542 MP and trailer BKR 086 MP have to be stripped.
SPRAY AIR SERVICES	R 1 422.44	Spray Air Services is the only manufacturer and supplier of paint machine parts acumens in S.A. Council is using their products and there is no other supplier.
VJOINT AND CV JOINT CENTRE	R 6 522.64	V Joint and CV Joint Centre is the only place in Ermelo that can manufacture propshaft for Truck Nissan, registered BKR 045 MP.
HENK SE MOTORWERKE	R 742.14	Henk se Motorwerke is the only place that manufacture cable (selector) for Dresser machine registered BKR 038 MP.
BRAKE-CORE SUPPLY	R 2 184.49	Boosters for Bell Tractor registered DKV 029 MP were only available at Brake-Core. They were needed urgently because the Tractor was standing on the road.
PROTEA TYRES	R 2 800.00	Tyres for Mercedes Benz registered DMS 961 MP were badly damaged and they were needed urgently and asked Protea Tyres to assist us.
TMN KGOMO	R 38 369.50	The Attorney of Council was not available to render the services and because of the urgency and seriousness of this matter TMN Kgomo was utilized to provide a legal opinion on claims which were received from various consumers.
D J KEYSER	R 1 874.94	Urgent water connection required and D J Keyser was available at the time. (05/10/2010)
D J KEYSER	R 1 794.85	Urgent new water connection required and D J Keyser was available. (05/10/2010)
D J KEYSER	R 1 794.85	Urgent water connection required and D J Keyser was available at the time. (05/10/2010)
D J KEYSER	R 1 794.85	Urgent water connection required and only D J Keyser was available at the time. (05/10/2010)
DEONS AUTO ELECTRICAL	R 330.00	Starter for Mazda registered CKB 307 MP had to be stripped before the issuing of the quotation to repair the starter.
AFGRI / OTK	R 3 598.30	The gearbox for slasher falcon is only supplied by agent Afgri Ermelo Co.
BRAKE-CORE SUPPY	R 9 129.12	Drums for Isuzu Truck registered CKL 354 MP can only be supplied by Brake-core Supply.

Notes to the Annual Financial Statements

Figures in Rand		2011	2010

42. Additional disclosure in terms of Municipal Finance Management Act (continued)

DEONS AUTO ELECTRICAL	R 394.00	The supplier had to work on the Toyota Stallion registered BKT 902 MP before he could give a quote to repair indicators and hazards.
JWL INDUSTRIES	R 1 639.32	Injectors for Massey Ferguson Tractor registered CKC 346 MP are only serviced by JWL industries.
THULATOM CONSTRUCTION	R 6 700.00	The supplier has to work on the machine Dresser 515 registered BKR 038 MP to give the exact price to repair lights.
DEONS AUTO ELECTRICAL	R 530.00	Starter for fractor Massey Ferguson registered DDX 465 MP had to be stripped for a quotation to repair the starter.
PICK 'N PAY	R 3 516.80	Only supplier that is able to supply the municipality with fresh milk on daily basis for the whole month. Others are not interested.
M & P THEBE MOSEBETSI	R 13 682.76	M&P Thepe Mosebetsi is the sole supplier for roller shutter doors, roll up & tip up garage doors as prescribed by SABS.
WACKER NEVSON	R 8 212.79	Repairs and spares supply for the Wacker roller can only be done and supplied by Wacker Nevson only.
ERMELO ELECTRO MOTOR SERVICES	R 3 449.64	Strip and quote, repair electrical motor at Pet street pump station. Area without water, emergency repair.
MANAIR	R 6 771.00	Strip and quote and repair booster pump at Pet Street pumpstation. Area without water. Emergency repair.
ROUSE ENGINEERING	R 4 377.60	Only Engineering Company prepared to quote on manufacturing brass nuts which are used on valves for the sand filters in purification plants.
WORKPLACE PERFORMANCE TECHNOLOGIES	R 1 710.00	Renewal of annual membership to access HR Website for HR strategies and policies.
VILLA – KS BUS PROJECTS	R 14 743.96	Emergency repairs to bulk pump lines and it was the only supplier available after hours. (15/09/2010)
ERMELO ELECTRO MOTOR SERVICES	R 8 355.06	Emergency repairs to an electric motor for Lothair pump station and is the only supplier in Msukaligwa.
VILLA – KS BUS PROJECTS	R 15 681.27	Emergency repairs to bulk pump lines and it was the only supplier available after hours. (15/09/20100
JAB'S CATERING SERVICES	R 10 500.01	The service required is only available to the below service provider in Msukaligwa Municipality. Provision of a tent for the Mayoral Regeneration Movement in December 2010.
ERMELO ELECTRO MOTOR SERVICES	R 7 904.76	Urgent repairs to the Breyten Pump that supplies water to Chrissiesmeer,
COMBO BUILDING SUPPLIES	R 4 322.88	Urgent requirement for repairs in Douglas Dam and they are the only suppliers in Ermelo. These are 350 mm cascade clamps that were used in repairing the Brummer Dam & Douglas Dam pumplines. Only 2 were used and the other 2 are at the workshop.
TELETRONICS MULTI CHOICE AGENT	R 4 543.00	The Municipality has an existing license with Multi Choice and the installation is done by them (Sole Supplier). Seven Dstv Aerials were installed at the following libraries: Ermelo, Wesselton, Cassim Park, Davel, Chrissiesmeer, Kwazanele, Breyten.
VAN WETTENS	R 1 710.00	Nissan Grand Livina was involved in an accident and it was towed by Van Wettens. It was urgent and impossible to follow the procurement process.
AFRICAN DIRECTORY SERVICES	R 27 291.60	Directory listing of the Municipality in all the SADC Countries as part of Marketing and Branding of the Municipality in reading out a broad spectrum of the Readership.
ELECTRICAL ENERGY MANAGEMENT	R 65 484.56	The process to compile electricity tariffs in terms of the guidelines from NERSA involves complicated calculation methods.
IRONORE TRADING / CONSTRUCTION	R 3 500.00	Hire of sewer tanker for 1 month because the Council sewer tanker is broken and we urgently need a tanker for the hole of Msukaligwa Municipality.
H & T DRUKKERS	R 11 250.00	H&T Drukkers is the company in Ermelo, the other

Notes to the Annual Financial Statements

Figures in Rand	2011	2010

42. Additional disclosure in terms of Municipal Finance Management Act (continued)

		companies that could supply us are not local companies and are charging delivery costs. It is for the procurement and printing of caps for the Workplace HIV/AIDS policy awareness campaign scheduled for 17th February 2011.
DRAGGER S.A.	R 6 365.76	Drager S.A. is the sole Provider for repairs, maintenance and calibration of the Drager 7110. A Drager is a small black machine and it is used by the Traffic Officers to test the alcohol level in the blood of a driver.
DE WIT MOTORS	R 51 072.19	The vehicle was taken to De Wit Motors who is the only Mercedes Benz Agent in Ermelo to give a quote for a major service, repair of the transmission and indicators of the fire truck. The vehicle was stripped by the agent to establish what needs to be serviced and repair. If a second quote is to be obtained Council will have to pay for the labor for stripping and assembling, this will result in additional costs to be paid. Vehicle: UNIMOG, BKP 769 MP, FLEET #F202006, Km 51404
BELL EQUIPMENT	An invoice is not received yet	Gearbox and differential for TLB Bell registered DMG791MP must be stripped for quotation by Agents Bell Equipment. It is impossible to follow the procurement process. Strip and quote.
SIZANAYE ELECTRICAL	R 72 728.00	There was a breakdown at Lothair due to the lightning that damaged the transformer and the residents of Lothair have been without electricity for three days. Sizanaye Electrical is the only supplier that has this transformer available at the present moment.
BUYS METERING & ELECTRICAL SERVICES	R 15 000.00	Buys Metering & Electrical Services are the only suppliers who have the Cable Locator available, out of all the other suppliers that we quoted from.
BELL EQUIPMENT	R 8 915.89	Propshaft for Bell TLB registered DMG791MP can only be supplied by Bell Equipment.
BELL EQUIPMENT	R 11 506.61	Repairs for Bell Hawler registered DKV024MP can only be supplied by Bell Equipment Sales.
MAJOR STEEL CC	R 696.04	Urgent repairs sewer plant Ermelo – Vbelts on electric motors.
WILL-TECH OFFICE SUPPLIER	R 39 960.00	This is the type of cash register recommended by Department of Culture, Sport & Recreation. Only Will-Tech responded to the request for quotation. Other suppliers did not respond. Eight cash registers are required. They will be placed in all libraries within Msukaligwa Municipality which are: Ermelo, Wesselton, Cassim Park, Davel, Chrissiesmeer, Kwazanele, Breyten and Silindile Libraries.
L P ELEKTRIES VERKOELING & ALGEMEEN	R 14 272.00	There was a breakdown at the Southern Purification plant, LP Elektries was the only supplier that was available during the holidays to supply us with the contactors.
BURLEC ELECTRICAL DISTRIBUTORS	R 48 000.00	There was a breakdown at the corner of Fenix and Paul Kruger Street. Burlec was the only supplier who was able to supply us with the Interlock Switch during the long weekend.
APPLE MINING & TRADING ENTERPRISE CC	R 3 030.00	Aluminium plates that are used at the Douglas Dam purification plant to separate sedimentation channels were required before the Water Affairs assessment and this was the only contractor available to make and install them before the assessment.
LONGTOM NISSAN	R 11 012.65	Steering box for Nissan 1400 registered CYM 399 MP is only supplied by Longtom Nissan. Agents for Nissan. (12/01/2011).
BEKA	R 119 500.70	Is the manufacturer and only supplier who may deliver within four weeks. There is an urgent need of material to be delivered as communities are complaining about darkness in their areas. PROTECTOLUX 400W &

Figures in Rand	2011	2010

42. Additional disclosure in terms of Municipal Finance Management Act (continued)

		1000W streetlight fittings.
APPLE MINING TRADING	R 2 300.00	The pipe repaired had to be welded as a matter of emergency because there were already water shortages in Everest Park and the surrounding areas. The Company was willing to assist us even though it was after normal working hours.
AUTOMOTOR	R 94 335.00	Automotor is the only manufacturer and supplier of 3 aspect robot accessories in S.A. Council is using their product and impossible to change due to standard of traffic lights.
DIMAG	R 3 864.00	Community is without water and this is the only supplier in Ermelo that keep nist controls in stock. Emergency call-out over weekend to repair borehole pump.
IRONORE TRADING / CONSTRUCTION	R3 500.00 per day	The Quotation No 93/2010 that is approved to Ironore Trading/Construction for the hire of a sewer tanker that is busy every day at Davel expired the 20/01/2011. Request permission to extend the expiring date for another 2 months because of no pumps in the pump stations to transverse the sewer to the sewer plant and progress is visible at this moment. Communities can use there toilets now more often with less spillages around their houses, this is a short term solution, long term solution is to install pumps in the pump stations.
IRONORE TRADING / CONSTRUCTION	R3 500.00 per day	Hire of a second sewer tanker for 2 months because of sewer networks problems that forestall at Lothair, Davel and Ermelo networks and pump stations. Currently our sewer tanker can not manage all the sewer spillages and the communities specially at the RDP houses living in bad conditions because of sewer pump stations that are not fitted with pumps or pumps that is broken even after repairs the pumps do not last long because of too match wear and tear. Pump stations and pumps need upgrades.
GOOD FUTURE TRADING	R 47 880.00	Pole mounted transformer needed urgently because the other one we procured is not delivered yet due to time frame given by the manufacturer.
SHOP 4 SECURITY	R 10 044.54	The access cards are produced by the company who done the installation of the access control system in the Civic Centre.
D J KEYSER	R 1 215.76	Urgent water connection required and D J Keyser was available at the time.
ERMELO ELECTRO MOTOR SERVICES	R 3 716.40	Cables for the submersible pumps that are used to pump sewerage in extension 33 and extension 34 are urgently needed as the sewer is overflowing.
BEKA	R 95 500.00	There is an urgent need of the streetlight fittings and these fittings are manufactured by a single provider BEKA and they consist of a lamp compartment separated from the control gear compartment with an IP rating of IP 65.
BURLEC	R 26 900.00	Due to the urgency repairs on the high masts caused by the recent lightning, there is an urgent need for the procurement of 40A contractor and 30A contractor.
DE WIT MOTORS	R 13 612.65	The only agent (De Wit Motors) does service on the mayoral car DMS 961 MP Mercedes Benz.
ROADMIX	R 198 542.40	Due to the urgency of the repair of potholes after the rains, certain areas were badly damaged and no longer safe to drive on. There is an urgent need to deviate for the material to fix those potholes.
BB STAALWERKE	R 9 791.00	Repair of steel pipe at Southern Purification Plant that is already exposed and to be repaired on site as a matter of urgency due to the leaking water that is affecting the Transnet rail. This action cannot be postponed until official quotations are invited as Transnet threatens with Legal action against the Municipality.

Figures in Rand	2011	2010

42. Additional disclosure in terms of Municipal Finance Management Act (continued)

SPRAY AIR	R 3 393.98	Only Agent to repair of paint machine as they are manufactured that machine.
AUTO MOTOR	R 10 960.00	Auto Motor is the only manufacturer and supplier of 3 aspect robot accessories in SA. Council is using their product.
REED & PARTNERS INC	R 30 051.20	Clause 4.1 of the attached contract stipulated that the subdivision will be done by Reed & Partners. The Municipality bought land for the construction of Thusong Centre in Lothair.
KAUFELA SOLUTIONS	R 10 641.90	The other companies want to be paid before they can deliver the access cards. The access cards are urgently needed because the new Councillors must be provided with the cards.
ERMELO TOYOTA	R 1 686.70	Buying a new key and programming it for vehicle Toyota RAV 4 reg. CNN126MP
DIMAG	R 35 411.70	This was the only supplier available on Sunday 22/05/2011 tu supply level controls at purification plant.
BUSINESS CONNEXION	R 38 540.00	BCX is the sole supplier of VENUS system and their services are required to upload the asset register onto Venus system.
NTABANYONI TIMBERS CC	R 134 520.00	Standing transformer in Phumula burnt down and the community did not have electricity. There was an urgent need for a new one.
ERMELO ELECTRO MOTOR SERVICES	R 2 488.62	Urgent repairs to the carbonator electric motor for Breyten purification plant.
ERMELO ELECTRO MOTOR SERVICES	R 7 845.48	Urgent repairs to the blower pump motor for the sewerage purification plant.
GOOD FUTURE TRADINGS AND PROJECTS 37	R 109 440.00	The community of Silindile did not have power for three days. The burnt transformer had to be removed. The block of houses had no power until the transformer was replaced.
LONGTOM NISSAN	R 11 012.65	Steering box for Nassan 1400 registered CYM 383 MP is only supplied by Ermelo Nissan. The agents for Nissan is Longtom Nissan. (12/01/2011)
LONGTOM NISSAN	R 11 012.65	Steering box for Nissan 1400 registered CYM 398 MP can only be supplied by Longtom Nissan. The agents for Nissan. (12/01/2011)
DE WIT MOTORS	R 2 520.95	The only supplier that does the service for Mayoral Car (DMS 961 MP). De Wit is the Agent for Mercedes.
INCLEDON DPI	R 3 420.00	The PVC pipes and fittings are made by Incledon and are the only supplier of such fittings. These fittings are to be used on the supply pipe line coming from the Amersfoort Road Reservoirs.

Notes to the Annual Financial Statements

Figures in Rand	2011	2010

42. Additional disclosure in terms of Municipal Finance Management Act (continued)

FOCUS OUTSOURCING SOLUTIONS CC	R 15 198.17	(Rates Act No 6 of 2004). Focus Outsourcing Solutions CC are the only Msukaligwa Municipality statements printers. All rate payers must be served with notices about the new valuation roll according section 115, Municipal Act.
BLITZ CONCRETE PRODUCTS	R 86 608.08	Blitz concrete products is the only manufacturer of the Blitz concrete grass block. The market was tested and no other supplier was available.
D J KEYSER LOODGIETER	R 10 238.31	This water connection must be done before the commissioning of the upgraded sewerage purification plant in order to complete the project.
DOVES	R 4 605.60	All (5) corpses were collected by and are in the Government Mortuary for longer than 21 days. According to the Health Act No. 63/1977 it is the responsibility of the Local Authority to bury bodies that are a health risk. Cost per corpse is R921.12 VAT included.
SHERWIN UPHOLSTERS	R 1 840.00	Seats for truck Nissan registered BKR 046 MP are to be repaired by Sherwin Upholsters. They are needed urgently. Truck is scrapped and needed urgently for service delivery. Truck DFR 007 MP has a breakdown. This truck is responsible for refuse removal. In order for continuous service delivery this deviation was affected.
MADODA SIBANDE CC	R 6 200.00	Urgent repairs at economic house numbers 8, 10A and 42. Due to heavy rain the furniture was damaged.
BEKA	R 108 870.00	Is the only supplier who may deliver within four weeks. There is an urgent need of material to be delivered as communities are complaining about darkness in their areas. BEKSUN 250W & BEKALUX 125W streetlight fittings.

Notes to the Annual Financial Statements

Figures in Rand	2011	2010

43. Actual operating expenditure versus budgeted operating expenditure

Refer to Appendix A for the comparison of actual operating expenditure versus budgeted expenditure.

44. Actual capital expenditure versus budgeted capital expenditure

Refer to Appendix B for the comparison of actual capital expenditure versus budgeted expenditure.

Notes to the Annual Financial Statements

Figures in Rand		2011	2010

45. Statistical information

Electricity			
Purchase cost		90,364,941	66,410,001
Total cost (include streetlighting)		95,508,071	92,058,693
Sales income		95,281,192	75,844,913
Purchased units	kWh	194,766,149	181,028,263
Sold units	kWh	108,485,912	115,701,224
Units loss in distribution	kWh	86,280,237	65,327,039
Cost of loss in distribution		40,034,030	23,961,958
Loss in distribution		44.30%	36.09%
Benchmark norm for distribution losses		10%	10.00%
Nett loss in distribution		34.30%	26.09%
Cost per unit based on purchase cost		0.4640	0.3668
Cost per unit based on total cost		0.4904	0.5085
Income per unit		0.8783	0.6555
Nett loss in distribution above the benchmark losses	kWh	66,803,886	47,225,892
Nett cost of loss in distribution above the benchmark losses		30,997,003	17,322,457
Water			
Purchase cost		1,561,780	453,245
Total cost		29,947,941	29,949,475
Sales income		20,336,117	17,359,902
Purchased kiloliters	Kl	563,988	187,557
Own resources kiloliters	Kl	3,445,644	3,563,477
Total purified water kiloliters	Kl	4,009,632	3,751,034
Sold kiloliters plus additional provision as calculated	Kl	3,594,427	3,007,051
Kl loss in distribution	Kl	415,205	743,983
Cost of loss in distribution		3,101,166	5,939,960
Loss in distribution		10.36%	19.83%
Benchmark norm for distribution losses		10.00%	10.00%
Nett loss in distribution		0.36%	9.83%
Cost per kiloliter purified		7.469	7.984
Cost per kiloliter sold		8.3318	9.9597
Income per kiloliter		5.6577	5.7731
Nett loss in distribution above the benchmark losses	Kl	14,428	368,802
Net cost of loss in distribution above the benchmark losses		107,763	2,944,515
Calculation: Water utilised in provision to communities			
Kiloliters sold	Kl	3,582,474	2,993,141
Calculation: Water unmetered, utilised from purified water			
Unmetered communities with standpipe provision	Kl	-	-
Water provision by tankers	Kl	11,953	13,910
Unmetered new development housing projects	Kl	-	-
Total water provision	**Kl**	3,594,427	3,007,051

Notes to the Annual Financial Statements

Figures in Rand

46. Statement of comparative and actual information

2011

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final budget	Actual outcome	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Financial Performance							
Property rates	49,661,105	49,661,105	49,661,105	42,213,814	7,447,291	85 %	85 %
Service charges	157,817,335	157,817,335	157,817,335	150,774,506	7,042,829	96 %	96 %
Investment revenue	8,185,010	8,185,010	8,185,010	8,875,336	(690,326)	108 %	108 %
Transfers recognised - operational	87,601,750	87,601,750	87,601,750	106,896,729	(19,294,979)	122 %	122 %
Other own revenue	13,378,290	13,378,290	13,378,290	12,216,430	1,161,860	91 %	91 %
Total revenue (excluding capital transfers and contributions)	**316,643,490**	**316,643,490**	**316,643,490**	**320,976,815**	**(4,333,325)**	**101 %**	**101 %**
Employee costs	(115,140,241)	(115,140,241)	(115,140,241)	(102,303,717)	(12,836,524)	89 %	89 %
Remuneration of councillors	(7,665,660)	(7,665,660)	(7,665,660)	(7,464,095)	(201,565)	97 %	97 %
Debt impairment	(13,613,383)	(13,613,383)	(13,613,383)	(15,410,979)	1,797,596	113 %	113 %
Depreciation and asset impairment	(18,524,318)	(18,524,318)	(18,524,318)	(27,997,095)	9,472,777	151 %	151 %
Finance charges	(626,585)	(626,585)	(626,585)	(468,730)	(157,855)	75 %	75 %
Materials and bulk purchases	(86,841,220)	(86,841,220)	(86,841,220)	(91,928,570)	5,087,350	106 %	106 %
Other expenditure	(131,338,318)	(131,338,318)	(131,338,318)	(69,060,710)	(62,277,608)	53 %	53 %
Total expenditure	**(373,749,725)**	**(373,749,725)**	**(373,749,725)**	**(314,633,896)**	**(59,115,829)**	**84 %**	**84 %**
Surplus/(Deficit)	**(57,106,235)**	**(57,106,235)**	**(57,106,235)**	**6,342,919**	**(63,449,154)**	**(11)%**	**(11)%**

Notes to the Annual Financial Statements

Figures in Rand

46. Statement of comparative and actual information (continued)

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final budget	Actual outcome	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Transfers recognised - capital	4,633,750	4,633,750	4,633,750	25,648,258	(21,014,508)	554 %	554 %
Surplus (Deficit) after capital transfers and contributions	**(52,472,485)**	**(52,472,485)**	**(52,472,485)**	**31,991,177**	**(84,463,662)**	**(61)%**	**(61)%**
Surplus/(Deficit) for the year	**(52,472,485)**	**(52,472,485)**	**(52,472,485)**	**31,991,177**	**(84,463,662)**	**(61)%**	**(61)%**

Detailed Statement of Financial Performance

Figures in Rand	Note(s)	2011	2010
Revenue			
Property rates	22	42,213,814	36,800,658
Service charges	23	149,969,018	121,236,611
Rental of facilities and equipment		1,296,424	1,248,791
Income from agency services		3,739,658	3,625,443
Fines		863,824	1,373,972
Licences and permits		2,048,279	3,007,242
Government grants & subsidies	24	108,616,129	105,962,146
Unearned finance charges		1,002,229	3,336,674
Administration fees		252,911	235,579
Commission on insurance premiums		77,679	63,425
Royalties received		1,500	113,337
Maintenance contribution golf club		-	363
Moneys received unallocated		2,116,599	1,593,230
VAT backpayment from SARS		-	1,831,439
Other income		1,819,556	2,353,239
Interest earned	30	9,201,042	7,666,075
Total Revenue		**323,218,662**	**290,448,224**
Expenditure			
Employee related costs		106,647,844	93,658,895
Remuneration of councillors	28	7,464,095	7,041,928
Depreciation and amortisation	31	27,997,095	26,861,161
Finance costs	32	1,854,954	1,874,542
Debt impairment	29	15,410,979	13,855,614
Collection costs		219,138	415,474
Bulk purchases	34	91,928,570	66,863,247
Contracted services	33	20,975,823	15,664,141
General expenses	26	47,610,734	49,332,963
Total Expenditure		**320,109,232**	**275,567,965**
Loss on disposal of assets and liabilities		(4,946,634)	(7,454,981)
Surplus/(deficit) for the period		**(1,837,204)**	**7,425,278**

Appendix A
June 2011

Schedule of external loans as at 30 June 2011

	Loan Number	Redeemable	Balance at 30 June 2010	Received during the period	Redeemed written off during the period	Balance at 30 June 2011	Carrying Value of Property, Plant & Equip	Other Costs in accordance with the MFMA
			Rand	Rand	Rand	Rand	Rand	Rand
DEVELOPMENT BANK OF SOUTH AFRICA								
DBSA loan 13.56%	12600	30 Jun 2014	35,620	-	7,241	28,379	-	-
	12181	30 Jun 2014	38,278	-	7,781	30,497	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			73,898	**-**	**15,022**	**58,876**	**-**	**-**
ANNUITY LOANS								
Stannic Loans	68195249-0003	1 Jul 2010	4,458	-	4,458	-	-	-
	68195249-0004	1 Aug 2010	10,143	-	10,143	-	-	-
	68195249-0007	1 Dec 2011	51,650	-	33,759	17,891	-	-
	68195249-0008	1 Dec2011	51,650	-	33,759	17,891	-	-
	68195249-0009	1 Jan 2012	113,772	-	70,266	43,506	-	-
	68195249-0010	1 Jan 2012	113,772	-	70,266	43,506	-	-
	68195249-0011	1 Feb 2012	162,855	-	95,264	67,591	150,989	-
	68195249-0012	1 Mar 2012	60,233	-	33,412	26,821	-	-
	68195249-0013	1 Jun 2012	91,177	-	43,902	47,275	-	-
	68195249-0014	1 Jun 2012	91,069	-	43,865	47,204	-	-
	68195249-0015	1 Jul 2013	102,590	-	30,255	72,335	62,246	-

Schedule of external loans as at 30 June 2011

Loan Number	Redeemable	Balance at 30 June 2010	Received during the period	Redeemed written off during the period	Balance at 30 June 2011	Carrying Value of Property, Plant & Equip	Other Costs in accordance with the MFMA
		Rand	Rand	Rand	Rand	Rand	Rand
68195249-0016	1 Jul 2013	102,590	-	30,255	72,335	62,260	-
68195249-0017	1 Jul 2013	149,871	-	44,198	105,673	-	-
68195249-0018	1 Jul 2013	66,406	-	19,584	46,822	-	-
68195249-0019	1 Jul 2013	139,244	-	41,065	98,179	84,588	-
68195249-0020	1 Jul 2013	139,244	-	41,065	98,179	84,588	-
68195249-0021	1 Jul 2013	66,232	-	19,533	46,699	-	-
68195249-0023	1 Jul 2013	273,119	-	80,546	192,573	166,388	-
68195249-0024	1 Aug 2013	249,193	-	71,280	177,913	-	-
68195249-0025	1 Aug 2013	94,344	-	26,999	67,345	-	-
68195249-0026	1 Aug 2013	94,320	-	26,992	67,328	-	-
68195249-0027	1 Aug 2013	127,822	-	36,579	91,243	87,938	-
68195249-0028	1 Aug 2013	128,115	-	36,664	91,451	87,938	-
68195249-0030	1 Oct 2013	65,628	-	17,705	47,923	-	-
68195249-0031	1 Oct 2013	64,117	-	17,298	46,819	-	-
68195249-0032	1 Oct 2013	65,630	-	17,703	47,927	-	-
68195249-0033	1 Oct 2013	65,628	-	17,705	47,923	42,801	-
68195249-0034	1 Oct 2013	99,874	-	26,944	72,930	-	-

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June 2011

Schedule of external loans as at 30 June 2011

Loan Number	Redeemable	Balance at 30 June 2010	Received during the period	Redeemed written off during the period	Balance at 30 June 2011	Carrying Value of Property, Plant & Equip	Other Costs in accordance with the MFMA
		Rand	Rand	Rand	Rand	Rand	Rand
68195249-0035	1 Oct 2013	65,598	-	17,697	47,901	-	-
68195249-0036	1 Apr 2014	246,950	-	53,147	193,803	177,237	-
68195249-0038	1 Oct 2014	107,539	-	20,943	86,596	-	-
68195249-0039	1 Oct 2014	107,539	-	20,943	86,596	-	-
68195249-0040	1 Sep 2014	108,406	-	21,112	87,294	-	-
68195249-0041	2 Oct 2014	70,451	-	14,050	56,401	-	-
68195249-0042	1 May 2015	102,162	-	17,170	84,992	-	-
68195249-0043	1 May 2015	102,162	-	17,170	84,992	-	-
68195249-0044	1 May 2015	178,217	-	29,952	148,265	-	-
68195249-0045	1 Jun 2015	406,490	-	68,097	338,393	-	-
68195249-0047	1 Jul 2015	-	239,377	36,322	203,055	227,409	-
68195249-0048	1 Jul 2015	270,636	-	43,689	226,947	87,250	-
68195249-0050	1 Mar 2016	-	3,283,000	143,685	3,139,315	3,228,283	-
68195249-0051	1 Apr 2016	-	111,120	3,074	108,046	105,564	-
68195249-0052	1 Apr 2016	-	297,533	8,230	289,303	282,656	-
68195249-0053	1 Apr 2016	-	172,018	4,758	167,260	163,417	-
68195249-0054	1 Apr 2016	-	111,120	3,074	108,046	105,564	-

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June 2011

Schedule of external loans as at 30 June 2011

Loan Number	Redeemable	Balance at 30 June 2010 Rand	Received during the period Rand	Redeemed written off during the period Rand	Balance at 30 June 2011 Rand	Carrying Value of Property, Plant & Equip Rand	Other Costs in accordance with the MFMA Rand
68195249-0055	1 Apr 2016	-	180,716	4,999	175,717	171,680	-
68195249-0057	1 Apr 2016	-	180,716	4,999	175,717	180,716	-
68195249-0058	1 Apr 2016	-	172,018	4,758	167,260	163,417	-
		-	-	-	-	-	-
		4,610,896	**4,747,618**	**1,579,333**	**7,779,181**	**5,722,929**	**-**
Funding facility		-	-	-	-	-	-
Development Bank of South Africa		-	-	-	-	-	-
Bonds		-	-	-	-	-	-
Other loans		-	-	-	-	-	-
Lease liability		-	-	-	-	-	-
Annuity loans		-	-	-	-	-	-
Government loans		-	-	-	-	-	-
Total external loans							
DEVELOPMENT BANK OF SOUTH AFRICA		73,898	-	15,022	58,876	-	-
ANNUITY LOANS		4,610,896	4,747,618	1,579,333	7,779,181	5,722,929	-
Funding facility		-	-	-	-	-	-
Development Bank of South Africa		-	-	-	-	-	-
Bonds		-	-	-	-	-	-
Other loans		-	-	-	-	-	-
Lease liability		-	-	-	-	-	-
Annuity loans		-	-	-	-	-	-
Government loans		-	-	-	-	-	-

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June 2011

Schedule of external loans as at 30 June 2011

Loan Number	Redeemable	Balance at 30 June 2010	Received during the period	Redeemed written off during the period	Balance at 30 June 2011	Carrying Value of Property, Plant & Equip	Other Costs in accordance with the MFMA
		Rand	Rand	Rand	Rand	Rand	Rand
		-	-	-	-	-	-
		-	-	-	-	-	-
		-	-	-	-	-	-
		-	-	-	-	-	-
		-	-	-	-	-	-
		4,684,794	4,747,618	1,594,355	7,838,057	5,722,929	-

Appendix B

June 2011

Analysis of property, plant and equipment as at 30 June 2011

	Cost/Revaluation							Accumulated depreciation						
	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Under construction Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Land and buildings														
Dwellings	1,866,524	-	-	-	-	-	**1,866,524**	(126,536)	-	-	-	-	**(126,536)**	1,739,988
Non - residential structures	48,857,206	-	-	-	-	-	**48,857,206**	(6,988,172)	-	-	-	-	**(6,988,172)**	41,869,034
Land	1,050,550	-	-	-	-	-	**1,050,550**	(64,609)	-	-	-	-	**(64,609)**	985,941
	51,774,280	-	-	-	-	-	**51,774,280**	**(7,179,317)**	-	-	-	-	**(7,179,317)**	**44,594,963**
Infrastructure														
Electricity	50,980,262	1,721,095	-	-	-	**1,795,918**	**54,497,275**	(32,394,332)	-	-	-	-	**(32,394,332)**	22,102,943
Roads	112,329,778	1,539,356	-	-	-	**1,497,973**	**115,367,107**	(61,991,440)	-	-	-	-	**(61,991,440)**	53,375,667
Water	93,345,269	977,573	-	-	-	**8,582,086**	**102,904,928**	(26,795,355)	-	-	-	-	**(26,795,355)**	76,109,573
Sewerage	63,510,415	44,891	-	-	-	**6,842,969**	**70,398,275**	(27,194,456)	-	-	-	-	**(27,194,456)**	43,203,819
Solid waste disposal	940,220	209,415	-	-	-	-	**1,149,635**	(315,583)	-	-	-	-	**(315,583)**	834,052
Other infrastructure	3,673,943	1,200,860	-	-	-	**137,253**	**5,012,056**	(157,094)	-	-	-	-	**(157,094)**	4,854,962
Water purification	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	324,779,887	**5,693,190**	-	-	-	**18,856,199**	**349,329,276**	**(148,848,260)**	-	-	-	-	**(148,848,260)**	**200,481,016**
Community Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Appendix B

June 2011

Analysis of property, plant and equipment as at 30 June 2011

	Cost/Revaluation							Accumulated depreciation						
	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Under construction Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Heritage assets														
Buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Areas of land of historic or specific significance	2,798	-	-	-	-	-	**2,798**	(65)	-	-	-	-	**(65)**	2,733
	2,798	-	-	-	-	-	**2,798**	**(65)**	-	-	-	-	**(65)**	**2,733**
Specialised vehicles	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets														
Machinery and Equipment	15,100,855	-	-	-	-	-	**15,100,855**	(7,931,130)	-	-	-	-	**(7,931,130)**	7,169,725
Furniture and Office equipment	6,509,504	**1,348,947**	-	-	-	-	**7,858,451**	(3,301,148)	-	-	-	-	**(3,301,148)**	4,557,303
Computer Equipment	11,393,764	686,870	-	-	-	-	**12,080,634**	(7,403,287)	-	-	-	-	**(7,403,287)**	4,677,347
Transport assets	12,576,688	**5,353,943**	-	-	-	-	**17,930,631**	(8,249,185)	-	-	-	-	**(8,249,185)**	9,681,446
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	45,580,811	**7,389,760**	-	-	-	-	**52,970,571**	**(26,884,750)**	-	-	-	-	**(26,884,750)**	**26,085,821**
Total property plant and equipment														
Land and buildings	51,774,280	-	-	-	-	-	**51,774,280**	(7,179,317)	-	-	-	-	**(7,179,317)**	44,594,963
Infrastructure	324,779,887	5,693,190	-	-	-	**18,856,199**	**349,329,276**	(148,848,260)	-	-	-	-	**(148,848,260)**	200,481,016
Community Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Heritage assets	2,798	-	-	-	-	-	**2,798**	(65)	-	-	-	-	**(65)**	2,733
Specialised vehicles	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	45,580,811	7,389,760	-	-	-	-	**52,970,571**	(26,884,750)	-	-	-	-	**(26,884,750)**	26,085,821
	422,137,776	**13,082,950**	-	-	-	**18,856,199**	**454,076,925**	**(182,912,392)**	-	-	-	-	**(182,912,392)**	**271,164,533**
Agricultural/Biological assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Intangible assets														
Computers - software & programming	702,534	6,159	-	-	-	-	**708,693**	(260,954)	-	-	-	-	**(260,954)**	447,739
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	702,534	**6,159**	-	-	-	-	**708,693**	**(260,954)**	-	-	-	-	**(260,954)**	**447,739**
Investment properties														
Investment property	4,564,404	-	-	-	-	-	**4,564,404**	(38,216)	-	-	-	-	**(38,216)**	4,526,188
	4,564,404	-	-	-	-	-	**4,564,404**	**(38,216)**	-	-	-	-	**(38,216)**	**4,526,188**

Appendix B

June 2011

Analysis of property, plant and equipment as at 30 June 2011

Cost/Revaluation

Accumulated depreciation

	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Under construction Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Total														
Land and buildings	51,774,280	-	-	-	-	-	**51,774,280**	(7,179,317)	-	-	-	-	**(7,179,317)**	44,594,963
Infrastructure	324,779,887	5,693,190	-	-	-	**18,856,199**	**349,329,276**	(148,848,260)	-	-	-	-	**(148,848,260)**	200,481,016
Community Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Heritage assets	2,798	-	-	-	-	-	**2,798**	(65)	-	-	-	-	**(65)**	2,733
Specialised vehicles	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	45,580,811	7,389,760	-	-	-	-	**52,970,571**	(26,884,750)	-	-	-	-	**(26,884,750)**	26,085,821
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Agricultural/Biological assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Intangible assets	702,534	6,159	-	-	-	-	**708,693**	(260,954)	-	-	-	-	**(260,954)**	447,739
Investment properties	4,564,404	-	-	-	-	-	**4,564,404**	(38,216)	-	-	-	-	**(38,216)**	4,526,188
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	427,404,714	**13,089,109**	-	-	-	**18,856,199**	**459,350,022**	**(183,211,562)**	-	-	-	-	**(183,211,562)**	**276,138,460**

Appendix C

June 2011

Segmental analysis of property, plant and equipment as at 30 June 2011

	Cost/Revaluation							Accumulated Depreciation						
	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment deficit Rand	Closing Balance Rand	Carrying value Rand
Municipality														
Director Town Engineer	223,409	-	-	-	-	-	**223,409**	(66,082)	-	-	-	-	**(66,082)**	157,327
Public Works	95,389,193	-	-	-	-	-	**95,389,193**	(59,644,810)	-	-	-	-	**(59,644,810)**	35,744,383
Town Planning and building	762,611	-	-	-	-	-	**762,611**	(500,186)	-	-	-	-	**(500,186)**	262,425
Street lights	2,226,438	-	-	-	-	-	**2,226,438**	(1,269,668)	-	-	-	-	**(1,269,668)**	956,770
Airport	1,088,979	-	-	-	-	-	**1,088,979**	(185,267)	-	-	-	-	**(185,267)**	903,712
Sewerage Network	62,391,802	-	-	-	-	-	**62,391,802**	(31,881,706)	-	-	-	-	**(31,881,706)**	30,510,096
Sewerage Purification	2,299,199	-	-	-	-	-	**2,299,199**	(402,931)	-	-	-	-	**(402,931)**	1,896,268
Water Network	79,054,537	-	-	-	-	-	**79,054,537**	(26,750,153)	-	-	-	-	**(26,750,153)**	52,304,384
Water Purification	7,270,165	-	-	-	-	-	**7,270,165**	(723,942)	-	-	-	-	**(723,942)**	6,546,223
Electricity	49,343,108	-	-	-	-	-	**49,343,108**	(32,610,393)	-	-	-	-	**(32,610,393)**	16,732,715
Director Public Safety	145,679	-	-	-	-	-	**145,679**	(62,326)	-	-	-	-	**(62,326)**	83,353
Fire Brigade Services	3,934,934	-	-	-	-	-	**3,934,934**	(2,036,853)	-	-	-	-	**(2,036,853)**	1,898,081
Disaster Management	62,471	-	-	-	-	-	**62,471**	(8,476)	-	-	-	-	**(8,476)**	53,995
Safety and Security	481,190	-	-	-	-	-	**481,190**	(344,235)	-	-	-	-	**(344,235)**	136,955
Licensing	1,482,841	-	-	-	-	-	**1,482,841**	(615,513)	-	-	-	-	**(615,513)**	867,328
Traffic	2,091,425	-	-	-	-	-	**2,091,425**	(1,252,351)	-	-	-	-	**(1,252,351)**	839,074
Director Comm. Services	128,228	-	-	-	-	-	**128,228**	(40,020)	-	-	-	-	**(40,020)**	88,208
Cemetaries	2,911,041	-	-	-	-	-	**2,911,041**	(518,827)	-	-	-	-	**(518,827)**	2,392,214
Parks and Grounds	4,694,032	-	-	-	-	-	**4,694,032**	(1,197,089)	-	-	-	-	**(1,197,089)**	3,496,943
Libraries	815,141	-	-	-	-	-	**815,141**	(421,810)	-	-	-	-	**(421,810)**	393,331
Sport and Recreation	710,796	-	-	-	-	-	**710,796**	(132,193)	-	-	-	-	**(132,193)**	578,603
Sport Fields General	7,394,817	-	-	-	-	-	**7,394,817**	(2,996,548)	-	-	-	-	**(2,996,548)**	4,398,269
Environmental Healt	2,390,713	-	-	-	-	-	**2,390,713**	(454,908)	-	-	-	-	**(454,908)**	1,935,805
Clinics	1,919,353	-	-	-	-	-	**1,919,353**	(391,225)	-	-	-	-	**(391,225)**	1,528,128
Tuberculosis Hospital	334,541	-	-	-	-	-	**334,541**	(111,971)	-	-	-	-	**(111,971)**	222,570
Welfare	19,266	-	-	-	-	-	**19,266**	(7,024)	-	-	-	-	**(7,024)**	12,242
Refuse/Sanitary	5,708,176	-	-	-	-	-	**5,708,176**	(3,009,809)	-	-	-	-	**(3,009,809)**	2,698,367
Housing	3,625,991	-	-	-	-	-	**3,625,991**	(778,987)	-	-	-	-	**(778,987)**	2,847,004
Staff Flats	1,031,362	-	-	-	-	-	**1,031,362**	(34,355)	-	-	-	-	**(34,355)**	997,007
Director Corporate Services	3,109,964	-	-	-	-	-	**3,109,964**	(312,055)	-	-	-	-	**(312,055)**	2,797,909
Marketing and Communication	407,612	-	-	-	-	-	**407,612**	(294,632)	-	-	-	-	**(294,632)**	112,980
Civic Centre	7,724,941	-	-	-	-	-	**7,724,941**	(595,102)	-	-	-	-	**(595,102)**	7,129,839
Administration	8,090,324	-	-	-	-	-	**8,090,324**	(5,185,885)	-	-	-	-	**(5,185,885)**	2,904,439
Human Resources	420,245	-	-	-	-	-	**420,245**	(238,403)	-	-	-	-	**(238,403)**	181,842
Municipal Manager	604,251	-	-	-	-	-	**604,251**	(319,794)	-	-	-	-	**(319,794)**	284,457
Integrated MIS/GIS	367,742	-	-	-	-	-	**367,742**	(258,626)	-	-	-	-	**(258,626)**	109,116
Project Management Unit	102,671	-	-	-	-	-	**102,671**	(19,796)	-	-	-	-	**(19,796)**	82,875
I D P	70,345	-	-	-	-	-	**70,345**	(33,888)	-	-	-	-	**(33,888)**	36,457
Council General	19,545,464	-	-	-	-	-	**19,545,464**	(1,763,963)	-	-	-	-	**(1,763,963)**	17,781,501
Councillors	871,469	-	-	-	-	-	**871,469**	(648,350)	-	-	-	-	**(648,350)**	223,119
Director Finance	253,033	-	-	-	-	-	**253,033**	(135,638)	-	-	-	-	**(135,638)**	117,395
Municipal Stores	291,490	-	-	-	-	-	**291,490**	(113,716)	-	-	-	-	**(113,716)**	177,774
Finance	3,308,241	-	-	-	-	-	**3,308,241**	(1,652,725)	-	-	-	-	**(1,652,725)**	1,655,516
Swimming Pool	1,000,072	-	-	-	-	-	**1,000,072**	(45,130)	-	-	-	-	**(45,130)**	954,942
Golf Course	1,327,309	-	-	-	-	-	**1,327,309**	(445,184)	-	-	-	-	**(445,184)**	882,125
Local Economic Development	306,589	-	-	-	-	-	**306,589**	(118,960)	-	-	-	-	**(118,960)**	187,629
Summary Department Town Engineer	36,400,918	-	-	-	-	-	**36,400,918**	(1,037,969)	-	-	-	-	**(1,037,969)**	35,362,949
Mechanical Workshop/Technical Department	1,443,414	-	-	-	-	-	**1,443,414**	(779,390)	-	-	-	-	**(779,390)**	664,024
Summary Water	2,064	-	-	-	-	-	**2,064**	(1,835)	-	-	-	-	**(1,835)**	229
Summary Town Planning	173,021	-	-	-	-	-	**173,021**	-	-	-	-	-	**-**	173,021
Fleet Management	1,652,099	-	-	-	-	-	**1,652,099**	(760,866)	-	-	-	-	**(760,866)**	891,233
	427,404,716	-	-	-	-	-	**427,404,716**	**(183,211,565)**	-	-	-	-	**(183,211,565)**	**244,193,151**

Appendix C
June 2011

Segmental analysis of property, plant and equipment as at 30 June 2011

	Cost/Revaluation							Accumulated Depreciation						
	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment deficit Rand	Closing Balance Rand	Carrying value Rand
Total														
Municipality	427,404,716	-	-	-	-	-	**427,404,716**	(183,211,565)	-	-	-	-	**(183,211,565)**	244,193,151
Municipal Owned Entities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	427,404,716	-	-	-	-	-	**427,404,716**	**(183,211,565)**	-	-	-	-	**(183,211,565)**	**244,193,151**

Appendix D
June 2011

Segmental Statement of Financial Performance for the year ended

Prior Year				Current Year		
Actual Income Rand	Actual Expenditure Rand	Surplus /(Deficit) Rand		Actual Income Rand	Actual Expenditure Rand	Surplus /(Deficit) Rand
			Municipality			
69,124,848	37,343,060	31,781,788	Executive & Council/Mayor and Council	-	-	-
49,443,283	44,531,339	4,911,944	Finance & Admin/Finance	-	-	-
1,157,665	3,968,196	(2,810,531)	Planning and Development/Economic Development/Plan	-	-	-
-	558,377	(558,377)	Health/Clinics	-	-	-
2,157,991	8,119,863	(5,961,872)	Comm. & Social/Libraries and archives	-	-	-
1,804,129	1,801,689	2,440	Housing	-	-	-
1,921,678	11,178,376	(9,256,698)	Public Safety/Police	-	-	-
3,279,924	8,977,491	(5,697,567)	Sport and Recreation	-	-	-
-	-	-	Environmental Protection/Pollution Control	-	-	-
35,663,912	33,267,021	2,396,891	Waste Water Management/Sewerage	-	-	-
11,821,917	15,961,246	(4,139,329)	Road Transport/Roads	-	-	-
40,963,689	29,949,476	11,014,213	Water/Water Distribution	-	-	-
86,843,849	92,515,268	(5,671,419)	Electricity /Electricity Distribution	-	-	-
65,880	56,086	9,794	Other/Air Transport	-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
304,248,765	**288,227,488**	**16,021,277**		**-**	**-**	**-**
			Municipal Owned Entities			
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	**-**	**-**		**-**	**-**	**-**
			Other charges			
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	**-**	**-**		**-**	**-**	**-**
304,248,765	288,227,488	16,021,277	Municipality	-	-	-
-	-	-	Municipal Owned Entities	-	-	-
-	-	-	Other charges	-	-	-
-	-	-		-	-	-
-	-	-		-	-	-

Appendix D

June 2011

Segmental Statement of Financial Performance for the year ended

Prior Year				Current Year		
Actual Income Rand	Actual Expenditure Rand	Surplus /(Deficit) Rand	Rand	Actual Income Rand	Actual Expenditure Rand	Surplus /(Deficit) Rand
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
304,248,765	288,227,488	16,021,277	Total	-	-	-

Appendix E(1)
June 2011

Actual versus Budget(Revenue and Expenditure) for the year ended 30 June 2011

	Current year 2011 Act. Bal. Rand	Current year 2011 Adjusted budget Rand	Variance Rand	Var	Explanation of Significant Variances greater than 10% versus Budget
Revenue					
Sale of goods	-	-	-	-	(Explanations to be recorded)
Sale of goods in agricultural activities	-	-	-	-	
Rendering of services	-	-	-	-	
Rendering of services in agricultural activities	-	-	-	-	
Property rates	42,213,814	49,661,105	(7,447,291)	(15.0)	
Service charges	150,774,506	157,817,335	(7,042,829)	(4.5)	
Levies	-	-	-	-	
Property rates - penalties imposed and collection charges	-	-	-	-	
Sales of housing	-	-	-	-	
Construction contracts	-	-	-	-	
Royalty income	-	-	-	-	
Rental of facilities and equipment	1,296,424	1,419,722	(123,298)	(8.7)	
Interest received (trading)	-	-	-	-	
Dividends received	-	-	-	-	
Income from agency services	3,739,658	4,095,323	(355,665)	(8.7)	
Public contributions and donations	-	-	-	-	
Fines	863,824	945,979	(82,155)	(8.7)	
Licences and permits	2,048,279	2,243,083	(194,804)	(8.7)	
Government grants & subsidies	106,896,729	87,601,750	19,294,979	22.0	
Municipal Revenue UD1	-	-	-	-	
Municipal Revenue UD2	-	-	-	-	
Revenue 1	-	-	-	-	
Revenue 2	-	-	-	-	
Miscellaneous other revenue	-	-	-	-	
Administration and management fees received	252,911	276,964	(24,053)	(8.7)	
Fees earned	-	-	-	-	
Commissions received	77,679	85,067	(7,388)	(8.7)	
Royalties received	1,500	1,643	(143)	(8.7)	
Rental income	-	-	-	-	
Discount received	-	-	-	-	
Recoveries	-	-	-	-	
Other income 1	-	-	-	-	
Other income 2	-	-	-	-	
Other income 3	-	-	-	-	
Other income	-	-	-	-	
Other farming income 1	-	-	-	-	
Other farming income 2	-	-	-	-	
Moneys received unallocated	2,116,599	2,317,901	(201,302)	(8.7)	
Other farming income 4	-	-	-	-	
Other farming income	-	-	-	-	
Other income	1,819,556	1,992,607	(173,051)	(8.7)	
Interest earned	8,875,336	8,185,010	690,326	8.4	

Appendix E(1)
June 2011

Actual versus Budget(Revenue and Expenditure) for the year ended 30 June 2011

	Current year 2011 Act. Bal.	Current year 2011 Adjusted budget	Variance		Explanation of Significant Variances greater than 10% versus Budget
Interest received - other	-	-	-	-	
Dividends received	-	-	-	-	
	320,976,815	316,643,489	4,333,326	1.4	
Expenses					
Employee related costs	(102,303,717)	(115,140,241)	12,836,524	(11.1)	
Manufacturing - Employee costs	-	-	-	-	
Remuneration of councillors	(7,464,095)	(7,665,660)	201,565	(2.6)	
Administration	-	-	-	-	
Transfer payments	-	-	-	-	
Depreciation	(27,997,095)	(18,524,318)	(9,472,777)	51.1	
Impairment	-	-	-	-	
Amortisation	-	-	-	-	
Impairments	-	-	-	-	
Reversal of impairments	-	-	-	-	
Finance costs	(468,730)	(626,585)	157,855	(25.2)	
Debt impairment	(15,410,979)	(13,613,383)	(1,797,596)	13.2	
Collection costs	(219,138)	-	(219,138)	-	
Repairs and maintenance - Manufacturing expenses	-	-	-	-	
Repairs and maintenance - General	-	-	-	-	
Repairs and maintenance - General	-	-	-	-	
Bulk purchases	(91,928,570)	(86,841,220)	(5,087,350)	5.9	
Contracted Services	(20,975,822)	-	(20,975,822)	-	
Grants and subsidies paid	-	-	-	-	
Cost of housing sold	-	-	-	-	
General Expenses	(32,458,982)	242,411,407	(274,870,389)	(113.4)	
Other (taken out of General expenses)	-	-	-	-	
Other (taken out of General expenses)	-	-	-	-	
Other (taken out of General expenses)	-	-	-	-	
Other (taken out of General expenses)	-	-	-	-	
Other (taken out of General expenses)	-	-	-	-	
	(299,227,128)	-	(299,227,128)	-	
Other revenue and costs					
Gain or loss on disposal of assets and liabilities	-	-	-	-	
Gain or loss on exchange differences	-	-	-	-	
Fair value adjustments	-	-	-	-	
Gains or losses on biological assets and agricultural produce	-	-	-	-	
Income from equity accounted investments	-	-	-	-	

Appendix E(1)
June 2011

Actual versus Budget(Revenue and Expenditure) for the year ended 30 June 2011

	Current year 2011 Act. Bal.	Current year 2011 Adjusted budget	Variance		Explanation of Significant Variances greater than 10% versus Budget
Gain or loss on disposal of non-current assets held for sale or disposal groups	-	-	-	-	
Taxation	-	-	-	-	
Discontinued operations	-	-	-	-	
	-	-	-	-	
Net surplus/ (deficit) for the year	21,749,687	316,643,489	(294,893,802)	(93.1)	

Appendix E(2)
June 2011

Budget Analysis of Capital Expenditure as at 30 June 2010

	Additions Rand	Revised Budget Rand	Variance Rand	Variance %	Explanation of significant variances from budget
Municipality					
Executive & Council/Mayor and Council	-	-	-	-	
Finance & Admin/Finance	-	-	-	-	
Planning and Development/Economic Development/Plan	-	-	-	-	
Health/Clinics	-	-	-	-	
Comm. & Social/Libraries and archives	-	-	-	-	
Housing	-	-	-	-	
Public Safety/Police	-	-	-	-	
Sport and Recreation	-	-	-	-	
Environmental Protection/Pollution Control	-	-	-	-	
Waste Water Management/Sewerage	-	-	-	-	
Road Transport/Roads	-	-	-	-	
Water/Water Distribution	-	-	-	-	
Electricity /Electricity Distribution	-	-	-	-	
Other/Air Transport	-	-	-	-	
	-	-	-	-	
	-	-	-	-	
	-	-	-	-	
	-	-	-	-	
Municipal Owned Entities					
	-	-	-	-	
	-	-	-	-	
	-	-	-	-	
	-	-	-	-	
	-	-	-	-	
	-	-	-	-	
	-	-	-	-	
	-	-	-	-	
	-	-	-	-	
	-	-	-	-	
	-	-	-	-	
	-	-	-	-	
	-	-	-	-	
	-	-	-	-	
	-	-	-	-	
	-	-	-	-	
Other charges					
	-	-	-	-	
	-	-	-	-	
	-	-	-	-	
	-	-	-	-	

Appendix F
Disclosures of Grants and Subsidies in terms of Section 123 MFMA, 56 of 2003
June 2011

Name of Grants	Name of organ of state or municipal entity	Quarterly Receipts					Quarterly Expenditure					Grants and Subsidies delayed / withheld					Reason for delay/withholding of funds	Did your municipality comply with the grant conditions in terms of grant framework in the latest Division of Revenue Act	Reason for noncompliance
		Sep	Dec	Mar	Jun		Jun	Sep	Dec	Mar	Jun	Jun	Sep	Dec	Mar	Jun		Yes/ No	
Storm retention dam sewer	Dept. Local Gov & Housing	-	32,755	-	-	-	-	-	-	-	-	-	-	-	-	-		No	
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
		-	32,755	-	-	-	-	-	-	-	-	-	-	-	-	-			

Note: A municipality should provide additional information on how a grant was spent per Vote. This excludes allocations from the Equitable Share.